UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **August 31, 2024**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from [_____] to [_____]

Commission file number **000-39874**

Lexaria Bioscience Corp.

(Exact name of registrant as specified in its charter)

Nevada	**20-2000871**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
#100 – 740 McCurdy Road, Kelowna BC Canada	**V1X 2P7**
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone number, including area code: **250-765-6424**

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, Par Value $0.001	LEXX	Nasdaq
Warrants	LEXXW	Nasdaq

Securities registered pursuant to Section 12(g) of the Act:

N/A
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act Yes ☐ No X

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes ☐ No X

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No ☐

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	X	Smaller reporting company	X
		Emerging growth company	☐

If an emerging growth company, indicate by a check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant period pursuant to §240.10D-1(b) ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No X

As of February 29, 2024, the last day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately $40,603,170 million, based on the closing price of the registrant's shares of common stock on February 29, 2024.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

17,452,594 common shares as of November 25, 2024.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K ("this report") contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not statements of historical fact may be forward-looking statements relating to future events or our future financial performance and are based on our present beliefs, assumptions, and information currently available to us. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "could", "targets", "goal", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" and other comparable terminology or the negative of these terms.

These statements contain predictions and involve known and unknown risks, including the risks in the section entitled "Risk Factors" set forth in Item 1(A) in this report, uncertainties and other factors that may cause our or our industry's levels of activity, performance, achievements, or actual results to be materially different from any future levels of activity, performance, achievements, or results expressed or implied by these forward-looking statements. Although we contend that the expectations reflected herein are reasonable, we cannot guarantee levels of activity, performance, achievements, or future result.

Forward-looking statements in this report include statements about, among other things: the status, progress and results of our research programs; our ability to obtain regulatory approvals for, and the level of market opportunity for, our product candidates; our business plans, strategies and objectives, including plans to pursue collaboration, licensing or other similar arrangements or transactions; our expectations regarding our liquidity and performance, including our expense levels, sources of capital and ability to maintain our operations as a going concern; the competitive landscape of our industry; and general market, economic and political conditions.

We caution placing undue reliance on any forward-looking statements as they speak only as of the date on which such statements were made, and we do not assume any obligation to update any forward-looking statement or to reflect the occurrence of an unanticipated event. New factors may emerge, and it is not possible to predict all factors that may affect our business and prospects. Further, management cannot assess the impact of each factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Solely for convenience, tradenames and trademarks referred to in this report appear without the "®" or "TM" symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these tradenames or trademarks, as applicable. All tradenames, trademarks, and service marks included or incorporated by reference in this report are the property of Lexaria Bioscience Corp.

As used in this report, the terms "Lexaria" "we", "us", "our" and "Company" mean Lexaria Bioscience Corp. and/or our subsidiaries, unless otherwise indicated.

PART 1

Item 1. Business

Company Overview

Lexaria Bioscience Corp. is a biotechnology company dedicated to the enhancement of the bioavailability of a broad range of active pharmaceutical ingredients ("APIs") using our patented DehydraTECH™ drug delivery-enabling platform technology. DehydraTECH combines APIs with specific long-chain fatty acid-rich triglyceride oils and carrier compounds that improve the way they enter the bloodstream, increasing their effectiveness and allowing for lower overall dosing for improved tolerability while promoting healthier oral ingestion methods.

DehydraTECH can be used with a wide range of active molecules including glucagon-like peptide-1 drugs ("GLP-1") and glucose -dependent insulinotropic polypeptide drugs ("GIP"), vitamins, pain medications, hormones, phosphodiesterase type 5 ("PDE5") inhibitors, antivirals, nicotine and its analogs, and cannabinoids. Our technology can be applied to a variety of therapeutic indications, including diabetes, weight loss, hypertension and heart disease. DehydraTECH can be implemented in a multitude of ingestible or topically administered product formats including oral suspensions, tablets, capsules, foods, beverages, creams, lotions, and skin patches. It is suitable for use with a variety of product formats including pharmaceuticals, nutraceuticals, over-the-counter products, and consumer packaged goods.

DehydraTECH is a technology incorporated into the formulation and manufacturing process of new or existing orally ingestible and topical products. The procedure involves combining the active ingredient as a delivery "payload" together with certain long chain fatty acid-rich triglyceride oils and infusing the mixture into a carrier substrate material. Using controlled dehydration processing, the payload and long chain fatty acid-rich triglyceride oils are reversibly associated together at a molecular level. The newly combined molecules are then integrated into production of the end-product using any number of dosage formats. While the Company's primary focus is on pharmaceutical drug products, this technology extends across many product categories including foods, beverages, cosmetics and nutraceuticals. DehydraTECH formulations have been found in some cases to reduce the need for unwanted sweeteners or chemical masking agents used for flavor- and odor-blocking for palatability enhancement purposes, allowing manufacturers to create low-sugar products with fewer calories and artificial sweeteners.

The Company has developed extensive experience from the formulation and production of its demonstration products, in various formats, that enables it to provide expert advice to our licensees on the integration of DehydraTECH in their products for the purpose of providing more palatable and efficient delivery of bioactive molecules.

Lexaria supports our licensee's products with our technology. A part of our business plan is to encourage new and existing industry participants to license and utilize DehydraTECH to enable enhanced performance of their developmental and commercial stage products. These products cross a wide range of bioactive molecules including GLP-1/GIPs, NSAID's, nicotine and cannabidiol ("CBD") with additional molecules of interest continually being evaluated.

Intellectual Property

Lexaria's involvement with the foundational technology of DehydraTECH dates back to 2014 when it entered into a strategic relationship with Poppy's Teas LLC, and the original inventors of DehydraTECH, who had filed two initial US provisional patent applications for the technology. The strategic relationship evolved into the acquisition by Lexaria of Poviva Tea, LLC (formerly Poppy's Teas LLC) which entity was then converted from a limited liability company to a corporation under the name Poviva Corp. ("**Poviva**"). Poviva is now the wholly-owned subsidiary of Lexaria and the named owner of all of the patents filed in connection with DehydraTECH. Lexaria has been granted an exclusive license to use DehydraTECH technology from Poviva for a period of time ending 25 years after the date of the last patent granted to Poviva. Since our first patent grant in 2017 for DehydraTECH, we have continued to pursue patent applications internationally in regions that are considered to have the highest commercial potential and, to date, have been allowed/granted 46 patents worldwide as of the date of this filing. Our pursuit and development of our technology has expanded our potential area of impact, both geographically and by sector.

Our current patent portfolio includes patent family applications or grants pertaining to Lexaria's compositions, methods of use in improving API bioavailability and palatability and methods of treatment for a range of therapeutic indications, orally or topically, for a wide variety of APIs encompassing cannabinoids; fat soluble vitamins; NSAID pain medications; and nicotine and its analogs. The pending and granted patents also cover the manufacturing and processing methods used to combine a variety of fatty acid-rich triglyceride oils with active pharmaceutical ingredients. This includes heating and drying methods and use of excipients and substrates.

The Company currently has several applications pending worldwide and, due to the complexity of pursuing patent protection, the quantity of patent applications will vary continuously as each application advances or stalls. We continue to investigate national and international opportunities to pursue expansions and additions to our intellectual property portfolio. Patents have been filed and/or granted specifically for the use of DehydraTECH with cannabinoids for the treatment of heart disease and hypertension to support our anticipated clinical trial work under our cleared Investigational New Drug ("IND") application with the Food and Drug Administration ("FDA"), and for treatment of other prospective therapeutic indications of interest to us including epilepsy and diabetes/weight loss. Patents have also been filed specifically for the use of DehydraTECH with GLP-1/GIP drugs to support our ongoing and expanding cardiometabolic clinical research programs in this therapeutic field also for diabetes/weight loss.

We will continue to seek beneficial acquisitions of intellectual property if and when we believe it is advisable to do so. Due to the inherent unpredictability of scientific discovery, it is not possible to predict if or how often such new applications might be filed or patents issued.

Below we summarize Lexaria's allowed/granted patents.

Issued Patent #	Patent Certificate Grant Date	Patent Family
US 9,474,725 B1	10/25/2016	#1 Food and Beverage Compositions Infused With Lipophilic Active Agents and Methods of Use Thereof
US 9,839,612 B2	12/12/2017	
US 9,972,680 B2	05/15/2018	
US 9,974,739 B2	05/22/2018	
US 10,084,044 B2	09/25/2018	
US 10,103,225 B2	10/16/2018	
US 10,381,440	08/13/2019	
US 10,374,036	08/06/2019	
US 10,756,180	08/25/2020	
AU 2015274698	06/15/2017	
AU 2017203054	08/30/2018	
AU 2018202562	08/30/2018	
AU 2018202583	08/30/2018	
AU 2018202584	01/10/2019	
AU 2018220067	07/30/2019	
EP 3164141	11/11/2020	
JP 6920197	07/28/2021	
CDN 2949369	06/13/2023	

AU 2016367036	07/30/2019	#2 Methods for Formulating Orally Ingestible Compositions Comprising Lipophilic Active Agents
JP 6963507	10/19/2021	
MX 388 203 B	11/26/2021	
AU 2016367037	08/15/2019	#3 Stable Ready-to-Drink Beverage Compositions Comprising Lipophilic Active Agents
IN 365864	04/30/2021	
JP 6917310	07/21/2021	
MX 390001	02/10/2022	
JP 7232853	02/22/2023	
CDN 2984917	09/26/2023	
CDN 3093414	12/13/2022	#6 Transdermal and/or Dermal Delivery of Lipophilic Active Agents
EP 3765088	03/20/2024	
JP 7112510	07/26/2022	#7 Lipophilic Active Agent Infused Compositions with Reduced Food Effect
AU 2019256805	06/16/2022	#8 Compositions Infused with Nicotine Compounds and Methods of Use Thereof
CDN 3096580	05/23/2023	
CDN 3111082	08/29/2023	#14 Lipophilic Active Agent Infused Tobacco Leaves and/or Tobacco Materials and Methods of Use Thereof
US 11,311,559	04/26/2022	#18 Compositions and Methods for Enhanced Delivery of Antiviral Agents
AU 2021261261	03/23/2023	
JP 7415045	01/05/2024	
CDN 3172889	05/28/2024	
US 11,700,875	07/18/2023	#20 Compositions and Methods for Sublingual Delivery of Nicotine
CDN 3196911	12/05/2023	
US 11,666,544	06/06/2023	#21 Compositions and Methods for Treating Hypertension
US 11,666,543	06/06/2023	
US 11,980,593	05/14/2024	
US 11,931,369	03/19/2024	#24 Compositions and Methods for Treating Epilepsy
US 11,944,635	04/02/2024	
US 11,986,485	05/21/2024	
US 12,023,346	07/02/2024	

Patents granted in the year ended August 31, 2024

In fiscal 2024, the Company's patent portfolio expanded to include two new patent families which serves to further protect our exclusivity in the use of DehydraTECH with tobacco leaves and materials and treatment of epilepsy. And further expanded our patent protection for our other patent families. These patents are as follows:

- our first ever Canadian patent granted in our 3rd patent family, to use DehydraTECH to more efficiently deliver lipophilic active agents via stable ready-to-drink beverage formats
- our first ever European patent granted in our 6th patent family, to use DehydraTECH to more efficiently deliver lipophilic active agents via transdermal or dermal delivery.
- our first ever Canadian patent granted in new patent family #14, to use DehydraTECH to more efficiently deliver lipophilic agents in infused tobacco leaves or tobacco materials
- our first ever Japanese and Canadian patents in our 18th patent family, to use DehydraTECH to enhance antiviral agents
- our first ever Canadian patent granted in our 20th patent family, to apply DehydraTECH enhancement technology to the sublingual delivery of nicotine.
- a new US patent granted in our 21st patent family which recognizes DehydraTECH's ability, when combined with CBD, to treat hypertension.
- four US patents granted in new patent family #24 which recognizes DehydraTECH's ability, when combined with CBD, to treat epilepsy

Research and Development

Lexaria incurred $2,360,565 in R&D expense during fiscal 2024. Specific programs are in ongoing development and are prioritized relative to our financial and operational ability to undertake each research phase for specific APIs. Due to our expanding portfolio coverage, we continue to explore accelerated timetable options for testing, research, and further development. Our ongoing R&D programs are always subject to our existing financial resources and our ability to raise capital to fund them.

The Company regularly pursues new R&D programs that investigate potential commercial applications for the incorporation of DehydraTECH. These include, but are not limited to, ongoing programs to explore different therapeutic indications that DehydraTECH-enhanced drug products can be utilized together with new and improved treatment options. Currently, our primary clinical research areas of interests are focused on the investigation of DehydraTECH-powered GLP-1/GIP drugs as well as CBD for the treatment of diabetes and weight loss and, also, CBD for the reduction of hypertension for which our IND application to perform a Phase 1b study has received a Study May Proceed letter from the FDA in early calendar-2024. Previously, our study programs provided successful human and/or animal testing results with DehydraTECH formulations of nicotine for oral pouches and prospective nicotine replacement therapy, human hormones, antiviral drugs, CBD for diabetes, weight loss and seizure disorder applications, and others. Depending on the number or complexity of the programs undertaken, R&D budgets are expected to vary significantly. It is in our best interest to remain flexible at this early stage of our R&D efforts in order to capitalize on potential novel findings from early-stage tests and thus redirect research when necessary into specific avenues that offer the most reward.

Lexaria has conducted a number of pharmacokinetic studies designed to provide potential early-stage indications of enhancing delivery characteristics of various drugs for potential future use. Our first human clinical study was published in 2019 under the title *Examination of a New Delivery Approach for Oral Cannabidiol in Healthy Subjects: A Randomized, Double-Blinded, Placebo-Controlled Pharmacokinetics Study*, where we demonstrated that DehydraTECH delivered higher volumes of CBD into the human circulatory system and did so more quickly than a concentration-matched positive control. The study demonstrated a statistically significant reduction in human blood pressure ("BP") from the DehydraTECH processed CBD, versus no statistical reduction in human blood pressure from the positive control. The results of this study significantly influenced the direction of Lexaria's research and development of its DehydraTECH technology and led to four subsequent human trial studies in the hypertension field, including study HYPER-H21-1 which resulted in the publication of *Trial of a Novel Oral Cannabinoid Formulation in Patients with Hypertension: A Double-Blind, Placebo-Controlled Pharmacogenetic Study*, Pharmaceuticals and study HYPER-H21-4 resulting in seven (7) peer reviewed publications *Antihypertensive effects of CBD are mediated by altered inflammatory response: A sub-study of HYPER-H21-4 trial*, Journal of Functional Foods; *Chronic effects of oral cannabidiol delivery on 24h ambulatory blood pressure in patients with hypertension (HYPER-H21-4): a randomized, placebo-controlled, and crossover study*, Cannabis and Cannabinoid Research; *Chronic Effects of Effective Oral Cannabidiol Delivery on 24-h Ambulatory Blood Pressure and Vascular Outcomes in Treated and Untreated Hypertension (HYPER-H21-4): Study Protocol for a Randomized, Placebo-Controlled, and Crossover Study* Journal of Personalized Medicine; *CBD supplementation reduces arterial blood pressure via modulation of the sympatho-chromaffin system: A substudy from the HYPER-H21-4 trial*, Biomedicine & Pharmacotherapy; *Effects of CBD supplementation on ambulatory blood pressure and serum urotensin-II concentrations in Caucasian patients with essential hypertension: A sub-analysis of the HYPER-H21-4 trial*, Biomedicine & Pharmacotherapy; *The Influence of Oral Cannabidiol on 24-h Ambulatory Blood Pressure and Arterial Stiffness in Untreated Hypertension: A Double-Blind, Placebo-Controlled Cross-Over Pilot Study,* Advances in Therapy; and *Differences in Plasma Cannabidiol Concentrations in Women and Men: A Randomized, Placebo-Controlled, Crossover Study*, International Journal of Molecular Sciences.

During fiscal 2024 Lexaria marked significant milestones in investigating and developing DehydraTECH-processed GLP-1 and GIP formulations for investigating the treatment of diabetes and weight loss. The following studies are the most recent contributors to our applied R&D programs that were completed in fiscal 2024. These studies have been entirely funded through the Company's existing cash resources.

Diabetes and Weight Loss Management Investigation

During the fiscal-year ended August 31, 2024, Lexaria completed its initial investigational study to examine DehydraTECH-enhanced GLP-1 for prospective improvement in diabetes and weight loss management applications. The initial investigation (Human Pilot Study #1 or GLP-1-H24-1) was an investigator-initiated pilot study of the GLP-1 drug semaglutide with seven (7) healthy volunteers comparing performance of a DehydraTECH-semaglutide oral capsule formulation to that of commercially available Rybelsus® tablets. For purposes of this initial study, the DehydraTECH-semaglutide composition was compound formulated using Rybelsus tablets as the semaglutide source input. As noted in our press releases issued on November 27 and 28, 2023, interim study findings showed that the DehydraTECH-semaglutide capsules sustained higher levels of semaglutide in blood; had faster achievement of peak drug delivery; had reduced incidence of moderate to severe side effects; sustained lower levels of blood glucose and lowered blood-glucose spike after eating. On January 4, 2024, upon conclusion of the study and full dataset analysis, the final study findings built upon the previously released interim findings evidencing that DehydraTECH-semaglutide produced even more pronounced and sustained higher levels of semaglutide in blood and lower levels of blood glucose and lowered blood-glucose spike after eating, while continuing to demonstrate reduced incidence of moderate to severe side effects.

Based on this initial pilot study's success, during the fiscal-year, Lexaria commenced a comprehensive animal and human clinical research and development program to thoroughly evaluate DehydraTECH for the improved delivery of GLP-1 and GIP drugs, designed to support prospective commercial partnering with global pharmaceutical companies. The studies which were undertaken or are currently in progress are as follows:

Human Pilot Study #2 (GLP-1-H24-2)

This human pilot study was conducted in 9 healthy volunteers, to study a single dose of oral ingested DehydraTECH-semaglutide capsules in a similar design but with a slightly different formulation to Human Pilot Study #1, to be compared to commercially available Rybelsus®. Of note, Human Pilot Study #2 employed so called fed pre-dose study conditions, since this was deemed to be of scientific interest given the fact we had already demonstrated superior pharmacokinetic performance of its DehydraTECH semaglutide capsule composition under the recommended fasted pre-dose conditions in its previous Human Pilot Study #1. We also studied an oral dissolvable DehydraTECH-semaglutide tablet formulation (dissolvable into sublingual/buccal tissue) to determine whether GLP-1 drug absorption via this route is effective and well tolerated as an alternative to the conventional oral ingestible route which often presents with gastrointestinal side effect issues. The DehydraTECH compositions for this study were compound-formulated using commercially available Rybelsus® tablets as the semaglutide input material. The DehydraTECH-semaglutide capsules evidenced higher semaglutide levels in 17 of the 19 blood draws taken until the 24-hour completion of the study averaging 18.8% higher semaglutide levels over the course of the study compared to Rybelsus® alone, although the differences were variable and not significant statistically with such a small sample size. We were also pleased to find that none (0) of the 9 people taking the DehydraTECH-semaglutide capsules experienced any adverse events whatsoever. However, of the 9 human volunteers in the Study taking the Rybelsus® tablet, 6 of them experienced mild adverse events. Five of those same 6 people experienced mild adverse events from taking the dissolvable oral mouth-melt format of DehydraTECH-processed Rybelsus®. These tolerability findings built nicely upon those from our previous Human Pilot Study #1, which also showed the DehydraTECH-semaglutide capsules to be generally better tolerated than the Rybelsus® tablets that demonstrated instances of moderate nausea or diarrhea.

Chronic Dosing Animal Study (WEIGHT-A24-1)

This is an obese rat diabetic-conditioned study similar to a previous Lexaria study (DIAB-A22-1), with 12 study arms and 6-10 animals per arm. The study has now been completed with each study arm running for 12 weeks to allow time to study weight loss pharmacokinetic ("PK"), and blood sugar control over time, followed by full data analysis and reporting. The initial eight study arms, studied varied DehydraTECH formulations of semaglutide and liraglutide, with and without the salcaprozate sodium "SNAC" technology currently found within Rybelsus® tablets, as well as varied DehydraTECH formulations of CBD. The following four study arms studied DehydraTECH formulations that were created using a combination of: (i) a select DehydraTECH-semaglutide formulation with a select DehydraTECH-CBD formulation and (ii) the DehydraTECH-liraglutide formulation with a select DehydraTECH-CBD formulation; each against a positive control arm of Rybelsus® and a placebo arm. On October 22 and October 24, 2024, the Company announced its study findings as collected on the initial eight study arms, noting that DehydraTECH-liraglutide (Group H) and select DehydraTECH-CBD formulations (Groups B, C, and D) outperformed the DehydraTECH-semaglutide formulations with respect to weight loss. These findings appeared to support Lexaria's belief that DehydraTECH-CBD may have utility in diabetic control. DehydraTECH-liraglutide (Group H) and select DehydraTECH-CBD formulations (Groups A and B) were also the top performers in the study for overall blood sugar level changes of -11.540%, 1.09% and -3.76% respectively. Analyses of weight loss and blood sugar changes for the final four study arms, along with brain and blood absorption pharmacokinetic results on all 12 study arms is currently underway.

Human Pilot Study #3 (GLP-1-H24-3)

The Company has selected the contract research organization ("CRO") for this study, manufactured the test articles, received Independent Review Board approval and has commenced dosing. This human pilot study in up to 10 healthy human volunteers will study a single daily dose of oral ingested DehydraTECH-tirzepatide capsules (to be compound-formulated using Zepbound® by Eli Lilly) administered over a seven-day period compared to commercially available injectable Zepbound® to evaluate tolerability, PK, and blood sugar. Zepbound® is currently administered by injection only and was used as the tirzepatide input material for production of the DehydraTECH-tirzepatide capsules under investigation. Importantly, this study will evaluate DehydraTECH effectiveness in humans with a dual action GLP-1 + GIP drug while also doing so without the SNAC ingredient found in the Rybelsus® semaglutide composition from Human Pilot Studies #1 and #2.

Chronic Dosing Human Study (GLP-1-H24-4)

This chronic human study in up to 100 overweight, obese, pre-diabetic and/or type-2 diabetic human volunteers/patients has been designed to dose daily using oral DehydraTECH capsules for 12 weeks and evaluate tolerability, PK, weight loss, blood sugar levels and more. The primary goal of this study will be to compare DehydraTECH-processed semaglutide capsules to DehydraTECH-CBD capsules alone - and together in combination - relative to a positive control over an extended period of time. Inclusion of DehydraTECH-CBD in this study will be undertaken to determine if the improvements in glycemic control and weight loss witnessed in Lexaria's previous animal study DIAB-A22-1 are evidenced in humans. This clinical trial will be conducted in Australia and, in order to take advantage of potential research and development tax benefits, Lexaria has incorporated a wholly-owned Australian subsidiary which will control this study. To date, Lexaria (AU) Pty Ltd has hired the Australian CRO to oversee execution of this study and undertaken a comprehensive series of study start up activities together with that CRO.

Mode of Action and Performance of DehydraTECH-GLP-1 Drugs

Lexaria, in partnership with the National Research Council of Canada ("NRC"), completed an applied research program to evaluate certain molecular characteristics of DehydraTECH processed with the GLP-1 drug, semaglutide, related to its mode of action and performance, using simulated gastric fluid thereby mimicking conditions in the human gut. A battery of testing methods was employed, including polyacrylamide gel electrophoresis ("PAGE"), size exclusion chromatography ("SEC"), electrospray ionization mass spectrometry ("ESI-LCMS") and dynamic light scattering ("DLS").

This work program examined the molecular properties of DehydraTECH-processed pure semaglutide in comparison to the commercially available semaglutide formulation Rybelsus® using simulated gastric fluid and thereby mimicking conditions in the human gut. Findings from the PAGE and SEC analyses in particular clearly showed not only that semaglutide was efficiently released in the simulated gastric fluid environment with each of two formulations tested, but also that the semaglutide in both formulations was likely in monomeric form. This result is compelling because the available published literature describing Rybelsus® notes that it occurs in simple monomeric form in the human gut due to its proprietary salcaprozate sodium ("SNAC") ingredient chemistry. This property is important because it allows for permeation of the gastric epithelium for delivery systemically by resisting a tendency to otherwise complex in the gut into larger oligomeric form. Therefore, it is encouraging that Lexaria's DehydraTECH technology also appears to achieve the desired monomeric form without the presence of SNAC. Findings from the DLS and ESI-LCMSS testing were less conclusive experimentally, although the latter also appeared to show monomerization of the semaglutide samples similar to the PAGE and SEC analyses.

Long Term Stability Testing

Lexaria is also actively studying the chemical and microbiological purity and stability of select DehydraTECH compositions that it has prepared for the above animal and human studies over an extended duration of 6-12 months. Along with improved tolerability, PK and efficacy performance, long term stability is crucial if oral variants of GLP-1 / GIP drugs are to be seriously considered as replacements for currently injectable versions of these drugs.

Hypertension Phase 1b IND Trial HYPER-H23-1

The FDA provided Lexaria with a positive written response on August 10, 2022, from our pre-IND meeting regarding DehydraTECH-CBD for the treatment of hypertension. The FDA confirmed that it had agreed with Lexaria's proposal to pursue a 505(b)(2) new drug application ("NDA") regulatory pathway for our program. On January 29, 2024, Lexaria submitted its IND application with the FDA and it received a Study May Proceed letter from the FDA on February 29, 2024. Manufacturing IND drug product batches has been performed through our third-party contract manufacturer, in compliance with current Good Manufacturing Practice ("cGMP") regulations as mandated by the FDA, including stability testing. We have begun addressing certain FDA conditions and have commenced study start-up tasks associated with preparing to perform study HYPER-H23-1, in order to be ready to commence this study in due course once Lexaria has raised sufficient funding.

Business Development

Diabetes and Obesity

The U.S. Centers for Disease Control and Prevention (www.cdc.gov) has indicated that in the United States:

- About 38 million adults have diabetes, and 1 in 5 of them don't know they have it.
- Diabetes is the eighth leading cause of death.
- Type 2 diabetes accounts for about 90% to 95% of all diagnosed cases of diabetes; type 1 diabetes accounts for about 5% to 10%.
- Diabetes is the No. 1 cause of kidney failure, lower-limb amputations, and adult blindness.
- In the last 20 years, the number of adults diagnosed with diabetes has more than doubled.
- Medical costs and lost work and wages for people with diagnosed diabetes total $413 billion yearly.
- Medical costs for people with diabetes are more than twice as high as for people who don't have diabetes.

And that 1 in 5 children and 2 in 5 adults have obesity, which can result in numerous health conditions, including high blood pressure, heart disease and type 2 diabetes with costs to the US healthcare system reaching almost $173 billion a year.

In order to assist with battling these chronic health issues, GLP-1 drugs have recently been approved by the FDA for type two diabetes and weight loss management. Rybelsus® (semaglutide) is the only GLP-1 drug approved by the FDA *for oral dosing* to treat diabetes and weight loss. The FDA has also approved semaglutide marketed as Ozempic® and Wegovy®, *administered by injection*, to treat diabetes and weight loss, respectively. All three of these drugs are owned and manufactured by Novo Nordisk®. Use of GLP-1 drugs has evidenced weight loss of between 10 pounds to 33 pounds, or more. One 68-week study of 667 people reported an average loss of 15% of body weight.

Anecdotal commentary also suggests that some patients are experiencing reduced cravings for alcohol, nicotine and opioids while taking GLP-1 drugs. Other trials are examining their effects on heart disease and even dementia in part because of evidence that GLP-1 drugs may reduce the build-up of the proteins amyloid and tau in the brain, thought to be partly responsible for Alzheimer's disease.

Because GLP-1 drugs have experienced FDA approvals as recently as 2021 and 2022, and because the health benefits of this drug class are still being discovered and understood, the potential market size is unknown. Published reports are widely estimating $100 billion in sales per year, by 2030. At least one analyst from Guggenheim Partners published a note on September 12, 2023 in which he explained how "the total addressable market for these so-called incretin drugs could balloon to $150 billion to $200 billion."

Side effects of GLP-1 drugs vary but can include nausea, vomiting, diarrhea and more. A small number of GLP-1 drugs have already been tested or approved in oral format but some studies have reported worse side effects with the oral form. The drugs are also being investigated for their relationship to bone density, muscle loss and more. Because of potential serious side effects, it may be beneficial to treat patients with lower oral doses of the drugs, something that Lexaria's DehydraTECH technology may enable if it can improve the PK performance of GLP-1 drugs through oral capsules. For this reason, Lexaria has spent the majority of calendar 2024 performing human pilot studies and animal studies on DehydraTECH-enhanced GLP-1 and GIP drug formulations to determine if better efficacy with reduced side effects will occur utilizing the DehydraTECH patented technology.

Hypertension

As identified by the World Health Organization (https://www.who.int/news-room/fact-sheets/detail/hypertension) approximately 1.28 billion people worldwide suffer from hypertension - elevated blood pressure - and it is recognized as one of the world's top health problems. Only 21% of people with hypertension have it under control which demonstrates enormous unmet need. Among persons 50 years of age or older, isolated systolic hypertension is the most common form of hypertension, and systolic blood pressure can be more important than diastolic blood pressure as an independent risk predictor for coronary events, stroke, heart failure, and end-stage renal disease.

Drugs focused on blood pressure and related conditions are some of the best selling drugs in the world. Lipitor™, used to treat high cholesterol and reduce the risk of heart disease, has generated $163 billion in revenue from 1992 (https://www.statista.com/statistics/1089322/top-drugs-by-lifetime-sales-globally/) until 2021. Plavix™ is used to prevent heart attack and stroke, has sold $84 billion from 1992 until 2017 (https://www.forbes.com/sites/simonking/2013/01/28/the-best-selling-drugs-of-all-time-humira-joins-the-elite/). There are several hypertension drugs that each generate $1 billion per year or more in revenue. Treatment-resistent hypertension, valued at $43 million in 2023 and expected to reach $159.4 million by 2033 (https://www.futuremarketinsights.com/reports/treatment-resistant-hypertension-management-market).

Lexaria is determined to fill the need for a safe, effective, tolerable treatment for hypertension and have a meaningful impact on comorbidity-related costs and deaths with our DehydraTECH-CBD. In pre-clinical and exploratory studies conducted to-date, Lexaria has evaluated through in vivo, in vitro, and human clinical testing the repeatedly evidenced efficacy in utilizing DehydraTECH-CBD to reduce blood pressure while avoiding serious negative adverse effects. Efficacy and lack of negative side effects are two major objectives of FDA-registered clinical studies. With the favorable results from our 2021-2023 HYPER programs, we submitted an Investigational New Drug ("IND") application which received a Study May Proceed letter from the U.S. Food and Drug Administration ("FDA") on February 28, 2024 for the development of Lexaria's DehydraTECH-CBD for the treatment of hypertension pursuant to a 505(b)(2) new drug application ("NDA") regulatory pathway. This abbreviated pathway typically enables a quicker route to commercial approval than a traditional 505(b)(1) NDA pathway.

Lexaria's IND-enabling program is made possible through successfully completed studies that have provided support for more ambitious commercial goals. The successful results from HYPER-H21-4, HYPER-H21-3, HYPER-H21-3, HYPER-H21-1 and our 2018 human clinical study, along with a number of successful animal studies demonstrating pharmacokinetic ("PK") performance; and the molecular characterization work completed through Canada's National Research Council, have together established a strong body of evidence for Lexaria's DehydraTECH-CBD. These studies have shown that DehydraTECH-CBD demonstrates superior bio absorption upon oral administration and is effective at reducing blood pressure with no significant unwanted side effects.

Licensing

Lexaria has strategically structured its organization to obtain the most value from its DehydraTECH patented technology and has provided its subsidiary companies with exclusive rights to use DehydraTECH or sublicense DehydraTECH with specific molecules, namely, CBD, Nicotine, and all other molecules for solely nutraceutical products and all molecules, other than nicotine, for pharmaceutical products.

Lexaria Nicotine LLC, (16.667% owned by Altria Ventures Inc.) holds the exclusive rights to the use or sublicense of DehydraTECH with nicotine molecules. As at the fiscal year ended August 31, 2024, Lexaria Nicotine LLC has one perpetual non-exclusive global license issued to Altria Client Services LLC for DehydraTECH-Nicotine.

In January 2021, Lexaria's wholly-owned subsidiary, Lexaria CanPharm ULC sold its exclusive license rights and assigned all sublicenses for the use of DehydraTECH with non-pharmaceutical THC-related assets to Hill Incorporated (formerly Hill Street Beverage Company Inc.) ("Hill Inc."). The remaining consideration outstanding for the acquisition of this license, is a promissory note bearing an original value of CDN$2 million which is reduced quarterly based on royalty payments of 5% of the gross proceeds received by Hill Inc. from DehydraTECH infused products or sublicenses issued for the use of DehydraTECH.

Lexaria Hemp Corp. holds the exclusive license to the use of DehydraTECH with cannabis that contains less than 0.3% THC for non-pharmaceutical products. As at the fiscal year ended August 31, 2024, Lexaria Hemp Corp. had the following active licenses:

- Non-exclusive license with Hill Inc. for all product formats globally;
- Non-exclusive license with Boldt Runners Corporation for oral pouch and oral mulch products in the US, South Africa and Japan;
- Non-exclusive license with Cannfections Group Inc. for chocolates and candy in Canada;
- Non-exclusive license with Bevnology LLC for all product formats globally excluding Japan, Korea and China;
- Non-exclusive license (other than the rights held by Hill Inc. and Boldt Runners Corporation) with Premier Anti-Aging Co. Ltd. (as assigned pursuant to its absorption merger with Premier Wellness Science Co. Ltd.) ("Premier") for all product formats in Japan.

Premier, a cosmetics and skin-care company listed on the Tokyo Stock Exchange, amended its exclusive perpetual license to a non-exclusive license ending on August 31, 2025. The amended license required quarterly payments of US$84,000 until August 31, 2024 and thereafter quarterly payments of US$174,000 until the end of the term.

In addition to the minimum payments, Lexaria will also receive royalty revenue from DehydraTECH licensed product sales under the agreed terms.

Lexaria Pharmaceutical Corp. ("LEXX Pharma") holds the exclusive rights to license DehydraTECH in connection with all molecules other than cannabis and nicotine, with the exception that it can produce and sublicense rights to produce cannabis DehydraTECH products that required physician consultation and were intended to treat a therapeutic indication. On July 26, 2023 LEXX Pharma agreed to limit its exclusive rights to the use or sublicense of DehydraTECH for all of the noted molecules solely in connection with products that were created with the intention to treat a therapeutic indication and required physician consultation. As of the fiscal year ended August 31, 2024 LEXX Pharma had the following active licenses:

- Non-exclusive license with AnodGen Bioceutical for pharmaceutical and medical product applications incorporating DehydraTECH-infused psychoactive cannabinoid powders and medical product applications incorporating DehydraTECH-infused non-psychoactive cannabinoid powders within Europe including the UK, Australia and New Zealand. This license is dormant and we are not aware if AnodGen will be capable of exercising their business plan.
- Non-exclusive license with Valcon Medical A/S for bulk powder formats, as solid oral dosage forms such as powder-filled capsules, and compressed tablets, pills and oral melts, and in topical creams or lotions with or without patch integration that incorporate DehydraTECH-infused cannabinoids for the purposes of medical product applications within Europe including the UK. Valcon has not communicated their intentions or timeline of development of products utilizing this license.
  Exclusive license with Lexaria (AU) Pty Ltd for the use of DehydraTECH-CBD formulation 2.0, DehydraTECH-semaglutide and DehydraTECH-tirzepatide for pharmaceutical products to treat weight-loss and diabetes in the territory of Australia

On July 26, 2023, Lexaria issued its subsidiary, Lexaria Nutraceutical Corp., an exclusive license to the use of DehydraTECH for all molecules, excluding those associated with nicotine or cannabis, solely in association with non-pharmaceutical products. As at the fiscal year ended August 31, 2024, Lexaria Nutraceutical Corp. had the following active licenses:

- Non-exclusive license with Bevnology LLC for various non-pharmaceutical product formats in the US;
- Exclusive, world-wide, perpetual and sublicenseable license with SulfoSyn Limited for the use of DehydraTECH with the molecule sulforaphane;

Competition

The biopharmaceutical industry is characterized by intense competition and rapid innovation. We believe the key competitive factors that will affect the development and commercial success of any DehydraTECH enhanced product candidates are efficacy, safety, tolerability, reliability, convenience of use, price, and reimbursement. We face competition from segments of the pharmaceutical, biotechnology and other related markets that pursue the development of API delivery platforms. We anticipate facing intense and increasing competition as new more advanced API delivery technologies become available. There can be no assurance that our competitors are not currently developing, or will not in the future develop, technology that is equally or more effective or is more economically attractive than any of our current or any enhanced versions of DehydraTECH.

Our competitors may be able to develop other drug delivery platforms that are able to achieve similar or better results than DehydraTECH. Our competitors include major multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical companies, universities, and other research institutions. Many of our competitors have substantially greater financial, technical, and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations and well-established sales forces. Established pharmaceutical companies may also invest heavily to accelerate discovery and development of novel therapeutics or to in-license novel therapeutics that could make DehydraTECH-enabled product candidates obsolete. Smaller or early-stage companies may also prove to be significant competitors, particularly as they develop novel approaches to oral or topical drug delivery that DehydraTECH is focused on.

Mergers and acquisitions in the biotechnology and pharmaceutical industries result in even greater concentration of resources and capital in our competitors. Our competitors, either alone or with collaborative partners, may succeed in developing, acquiring, or licensing API delivery technologies that are more effective, safer, more easily commercialized or less costly than DehydraTECH.

Competition in alternative health sectors and consumer products in the U.S. is fierce. We expect to encounter competitive threats from existing and new participants in the sector with competing technologies. Food supplements, organic foods, and health food markets are all well established and the Company and/or its licensees will face many challenges within these markets. Although Poviva Corp. has filed patent applications to protect intellectual property, there is no assurance that patents beyond those already issued will be granted nor that other firms may not file superior patents pending. Lexaria is aware of other competing technologies that claim to also enhance the bio absorption of bioactive molecules as DehydraTECH has repeatedly demonstrated through *in vitro* and *in vivo* scientific testing. By and large, these technologies are mostly forms of nanotechnology that generally claim to enable the formation of microencapsulated microemulsions of active ingredients. These technologies can enable exceptional water solubility of ingredients and can impart improved intestinal bio absorption as a result, but do not necessarily offer the breadth of performance and value enhancing benefits that Lexaria's DehydraTECH technology offers to its licensees.

Competition in nicotine, alternative nicotine delivery and nicotine cessation sectors in the U.S. is comprised of long-established entities, brands, and new technologies competing to create less harmful options. The sectors are complicated by the significant historical empirical data of older products or technologies versus the more limited published supporting data regarding the effects of new products or technologies. Due to the size of the sectors we expect to encounter competitive threats from existing participants and unknown new entrants. There is no assurance that other technologies already deployed, or in development, will not form the basis of product formats that competitors or consumers choose to utilize. It is also possible that historic delivery methods that have been in use and the familiarity with them may prevent adoption of products utilizing DehydraTECH in alternative delivery formats. Competing technologies or products may utilize known delivery formats or entirely new and unforecastable formats. Lexaria has demonstrated through scientific testing that DehydraTECH delivers nicotine rapidly and effectively through oral delivery. We believe that if we can educate and influence consumers to adopt a food-grade edible product format, and if US regulatory bodies authorize such format, we may be able to offer a competitively successful new product format that utilizes DehydraTECH.

While we are an early adopter providing technology to the cannabinoid sector, there are a large number of public companies that have claimed to be involved in the sector in some fashion, and an unknown number of private companies. Our current strategies may prove to be ineffective as the sector grows and matures, and if so, we will have to adapt quickly to changing sectoral circumstances. Accordingly, the Company intends to aggressively pursue technology out-licensing opportunities not only within the cannabinoids and nicotine sector where we are already active, but also across other sectors where DehydraTECH is patent allowed and/or pending, including opportunities in the vitamin and supplements sector and the pain relief sector.

Lexaria believes DehydraTECH offers a host of benefits beyond what competing technologies can offer, including enhanced pharmacokinetic performance of APIs into the bloodstream and into brain tissue, reduced adverse reactions, superior oral palatability, a more appealing and all-natural ingredient compositional profile from an oral product and beverage formulation perspective, more predictable time of delivery into bloodstream and certain target tissues, and superior scalability and cost effectiveness from a manufacturing perspective. Lexaria believes that DehydraTECH is significantly distinguished from competing technologies in these respects and has a view of growing the breadth and number of licensees who will adopt DehydraTECH into their product offerings. Lexaria believes that these competitive advantages together with our wealth of scientific data showing noteworthy bio absorption enhancements with DehydraTECH constitute a compelling value proposition for its prospective licensees. We intend to continue to pursue license arrangements in the multiple bioactive ingredient sectors identified in its issued and pending patent applications.

Compliance with Government Regulation

The U.S. Farm Bill, was passed in December 2018, and removed certain restrictions on advertising, marketing, banking, and other financial services as well as allowing interstate commerce for hemp and hemp-derived CBD. It also facilitated the removal of barriers for intellectual property protections under federal law such as patents and trademarks. However, the Farm Bill preserves the FDA's authority to regulate products that contain hemp-derived CBD and to date the FDA has not issued an approval for any CBD products, other than one cannabis-derived and three cannabis-related drug products. Accordingly, the ambiguity regarding the incorporation of CBD into ingested and topical products has had significant impacts on the industry segments to which we license DehydraTECH and could potentially change some of the regulatory compliance risks that may affect our business.

As well, while more than thirty-nine states in the U.S. have passed some form of legislation related to that state's permission to grow, cultivate, sell, or use marijuana and/or CBD for medical purposes or for recreational use, legislation is not necessarily harmonious between states and in most circumstances, it is not legal to transport cannabis-related products across state lines.

Lexaria legally conducts R&D on cannabis ingredients in our Canadian federally licensed laboratory in compliance with all federal and local Canadian laws. We abide by U.S. federal law that provides for certain exemptions for agricultural hemp and certain by-products to be manufactured and sold in the U.S. DehydraTECH is only licensed to those companies that have met and comply with state regulations for the sale and distribution of cannabis related products in their licensed operating territories.

DehydraTECH has applications in completely separate sectors such as GLP-1/GIP drugs, vitamins, CBD for applications under pursuit for medical applications registered with the FDA, and nicotine. We are continuing formulation development for research and validation purposes in each of these areas. We have a formal relationship with the Altria Group and have conducted R&D with that company related to the possible development of nicotine oral products. If we do enter any of these sectors, we may be exposed to and of necessity may have to comply with all local, state, and federal regulations in each of those sectors. As a result of the possibility of Lexaria being involved in a number of disparate business sectors, compliance with government regulations could require significant resources and expertise from our Company.

Employees and Contractors

We utilize employees and consultants for the Company's intellectual property development and licensing and business operations. Our Company relies on the business and technical experience of our existing management, on the technical abilities of consulting experts, and on the technical and operational abilities of its operating partner companies to identify and evaluate business opportunities. We currently have seven full-time salaried employees under contract and may add personnel to expand our internal R&D capacity. None of our employees are represented by a labor union and we consider our employee relations to be good. We outsource virtually all analytical work to independent third-party laboratories located in the USA, Canada, and Europe.

Our executive personnel are entitled to incentives as set by our Compensation Committee. All executives, directors, employees and select contractors are eligible for participation in the Company's equity incentive plan, the primary purpose of which is to attract, retain and motivate our team members by granting stock-based compensation awards.

Subsidiaries

Lexaria Bioscience Corp. has the following wholly owned subsidiaries:

- Lexaria CanPharm ULC (which is wholly-owned by Lexaria CanPharm Holding Corp.),
- Lexaria CanPharm Holding Corp.,
- Poviva Corp.,
- Lexaria Hemp Corp.,
- Kelowna Management Services Corp.,
- Lexaria Nutraceutical Corp.,
- Lexaria Pharmaceutical Corp., and
- Lexaria (AU) Pty Ltd.

and our majority owned (83.333·%) subsidiary Lexaria Nicotine LLC. Altria Ventures Inc. owns a 16.667% equity interest along with certain other rights in Lexaria Nicotine LLC.

Available Information

Lexaria's common stock is quoted on the Nasdaq under the symbol "LEXX" and certain warrants are quoted under "LEXXW". We file annual, quarterly, and current reports, proxy statements and other information with the U.S. Securities Exchange Commission (the "SEC"). These filings are available to the public on the internet at the SEC's website at http://www.sec.gov. Lexaria Bioscience Corp. is a British Columbia based reporting issuer in Canada and as such, we are required to file certain information and documents at www.sedarplus.ca.

Our corporate website is www.lexariabioscience.com. This website address is not intended to function *as a hyperlink and the information contained on our website is not intended to be a part of this Report.* We make available free of charge on https://www.lexariabioscience.com/investors/regulatory-filings/ our annual, quarterly, and current reports, and amendments to those reports if any, as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC. Further details on our research programs are provided in our 2023 and 2024 Form 10-K and Form 10-Q filings. We may, from time to time, provide important disclosures to investors by posting them in the Investor Relations section of our website.

The address of our principal executive office and research laboratory is #100–740 McCurdy Road, Kelowna, British Columbia, Canada V1X 2P7. We maintain our registered agent's office and our U.S. business office at Registered Agents Inc. 401 Ryland Street, Ste. 200A, Reno, NV 89502. Our telephone number is (250) 765-6424.

Item 1A. Risk Factors

Lexaria operates in the intensely competitive biotechnology industry and is subject to numerous risks. Investment in this sector involves a high degree of risk. You should carefully consider the risks described below as well as other information in this report. The occurrence of any of the events, circumstances or developments described below could materially and adversely affect our business, financial conditions, results of operations and our future prospects. Our actual results could differ from those in forward looking statements as a result of numerous factors including the risks described below.

A. Risks Associated with our Business and Industry

DehydraTECH-enabled pharmaceutical products may not successfully proceed to commercialization.

The advancement of DehydraTECH-enabled pharmaceutical products will be subject to successful completion of multi-phase testing under significant regulatory requirements and testing protocols, such as those required by the US Food and Drug Administration (FDA) and comparable foreign regulators. While we have seen success in our animal studies and in many of our human pilot studies and exploratory human studies, it is possible that setbacks may occur in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in such earlier studies. The effects of such reversions could cause significant delays or abandonment of testing with negative effect to our business through financial loss, industry credibility and/or a temporary or permanent decline in valuation of our Company.

If we are unable to retain and hire qualified personnel, we may not be able to implement our business plan successfully.

In developing DehydraTECH, we rely upon our employees, consultants, contractors, and collaborators. Our current business prospects are dependent on the principal members of our executive team, the loss of whose services could make it difficult for us to manage our business successfully and to achieve our business objectives. The loss of the services of any key research, product development, regulatory and technical personnel, or our inability to hire new personnel with the requisite skills, could restrict our ability to carry out our R&D programs and/or develop our product candidates. Each position in a small company carries relatively greater duties and responsibilities than that position would in a larger organization. The loss of any of our key personnel could result in severe disruptions to our operations and business plans. Our ability to identify, attract, integrate, and retain additional qualified key personnel is critical to our success. Competition for skilled research, product development, regulatory and technical personnel is intense, and we may not be able to recruit and retain the personnel we need.

We face substantial competition, which may result in others discovering, developing and/or commercializing technology or products similar to ours before or more successfully than us.

Our commercial and/or licensing opportunities may be reduced or potentially eliminated if our competitors develop and commercialize products utilizing a similar technology that compete directly with those incorporating DehydraTECH. Significant delays in the development of our product candidates could allow competitors to bring products to market before us, which may impair the ability to commercialize our product candidates. This could result in reduced sales and negative pricing pressure on our technology, lessening our ability to increase or even sustain revenues and causing deterioration of market prospects.

Our competitors could also develop drugs that are more effective, more widely used and less expensive than our technology supports. They may also be more successful in manufacturing and marketing their products. Competitors could acquire regulatory approval of their products before we are able to obtain patent protection or other intellectual property rights, limiting our ability to license our respective patents and/or develop or commercialize a product candidate. These appreciable advantages could render our product candidates non-competitive or obsolete before we can recover the expenses of research, development, and commercialization.

Our competition includes pharmaceutical and biotechnology companies, educational institutions, and research foundations. They may have substantially greater capital resources, research and development workforce and facilities and superior marketing experience than Lexaria. They may be able to respond more rapidly to new regulations and/or devote greater resources to the development and promotion of their business model. These third parties compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for clinical trials, and in acquiring technologies and technology licenses competitive to our programs or of potential use to our business.

Early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors and could increase their ability to rapidly gain market share.

As a result of these factors, management cannot be certain that the Company will be able to compete against current or future competitors or that competitive pressure will not seriously harm our business.

Any failure in protecting our intellectual property may have a negative impact adverse effect on our ability to develop and license DehydraTECH.

Because patents involve complex legal and factual questions, the issuance, scope, validity, and enforceability of patents cannot be predicted with certainty. Some of our patent pending applications may not be granted as patents. Even if patents are issued, they may not be granted with claims of sufficient breadth to protect DehydraTECH technology or may not provide us with a competitive advantage over other products or technologies. Issued patents may be challenged, invalidated, or circumvented. If they are invalidated or found to be unenforceable, we could lose the ability to exclude others from making, using, or selling the inventions claimed. An issued patent does not give us the automatic right to use the patented technology or commercialize a product using the technology. Third parties may have blocking patents that could be used to prevent us from developing our products, selling our products, or commercializing our DehydraTECH technology. Others may also independently develop products or technologies similar to those that we have developed or may reverse engineer or discover our trade secrets through proper means.

Technological R&D in the bioscience industry involves a lengthy, expensive process with an uncertain outcome. We may incur additional costs or experience delays in completing, or ultimately be unable to complete our studies or trials.

We could encounter numerous unintended and unforeseen events including but not limited to the following:

- regulators or institutional review boards ("IRBs"), or ethics committees may not authorize us or our investigators to commence a study or trial at a prospective trial site. There is no assurance that we will be able to satisfy their approval conditions in a timely fashion if at all, whether due to financial or other unforeseen constraints;
- the ability or failure to reach acceptable terms with prospective trial sites and contract research organizations ("CROs"). These terms can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- the IRB may disagree with our design or change the requirements for approval even after it has incorporated their review and comments;
- authorities may impose a hold on or suspend a program due to any number of factors, including a request for further information or other administrative actions, results of competitors programs, noncompliance with changing regulatory requirements or a finding that the participants are being exposed to unacceptable health risk or changes in governmental regulations;
- studies or trials of various APIs may produce negative or inconclusive results. We may decide or regulators may require us to conduct additional studies or trials. We may decide to abandon development programs related to those APIs;
- the number of participants required may be larger than anticipated. Participants may drop out or fail to return for follow-up at a higher rate than we anticipate. Initial enrolment may take longer than scheduled. We may be unable to recruit a sufficient number of suitable participants;
- the participants and sites in our studies or trials may not comply with required protocols rendering the results insufficient or uninterpretable;
- the cost of studies or trials of an API may be greater than anticipated and we may lack adequate funding to continue;
- any changes in regulatory requirements and guidance that require amending or submitting new protocols;
- regulators may require the submission of additional data or impose other requirements before granting permission to proceed.

Our R&D costs will increase with delays in testing and/or regulatory approvals. We do not know whether any of our projected studies or trials will begin as planned, will need to be restructured once commenced, or will be completed on schedule, or at all. Any delays in our development programs could significantly impact our share value, business prospects, financial condition, and results of operations.

If we are unable to obtain and maintain sufficient patent protection, or if the scope of the patent protection is not sufficiently broad, our competitors could develop technology similar to ours.

We may not be able to effectively enforce our intellectual property rights throughout the world. Our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws. Patent laws of some foreign countries do not provide protection to the same extent as the laws of the United States. These factors could make it difficult for us to stop the infringement of our patents or the misappropriation of our intellectual property rights. Legal actions to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and resources from other aspects of our business. We cannot ensure that we will be able to initiate or maintain legal efforts in all jurisdictions which could limit the markets for our technology and reduce possible future revenues.

We are dependent on the services of third parties and unsatisfactory performance will negatively affect our Company.

We rely on third parties to conduct, supervise, and monitor our R&D programs. Third-party service providers are not our employees, and except for remedies available to us under contract, we cannot control whether or not they devote sufficient time, skill, and resources to our programs. We remain responsible for ensuring that each of our programs are conducted in accordance with the applicable protocol, legal, regulatory and scientific standards.

If third parties do not successfully carry out their contractual duties in meeting expected deadlines or not conducting our R&D programs or preclinical studies as prescribed, if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our protocols, regulatory requirements or for other reasons, we or our collaborators may be subject to regulatory enforcement or other legal actions.

Resultant data generated in our preclinical programs may be deemed unreliable and our studies and trials may need to be repeated, extended, delayed, or terminated. We may be delayed in or unable to obtain marketing approvals for our product candidates or to successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed.

We also rely on third party suppliers and manufacturers to provide us with the facilities, materials, and services to manufacture our DehydraTECH compounds for our research programs and our B2B customers. It is possible that such third parties may not successfully carry out their contractual obligations, meet expected deadlines, adhere to our protocols, or comply with regulatory requirements. This could result in lost revenue or program delays. Demand for our services may be adversely affected if customers lose confidence in the quality of our services or the industry's practices. Adverse publicity may discourage businesses from contracting our services and could have a material adverse effect on future revenue generation.

Agreements with third parties conducting services on our behalf might terminate for a variety of reasons, including a failure to perform by the third parties. If any of these terminate, we may be unable to enter into arrangements with alternative providers or to do so on commercially reasonable terms. Switching or adding additional third parties involve increased management time, focus, regulatory approvals and/or additional cost. Any delays in our manufacturing capabilities or research studies may have a material adverse impact on our business, financial condition and prospects.

Any failure to prevent or mitigate security breaches and improper access to or disclosure of our data or our user data could result in the loss or misuse of such data, which could harm our business and reputation and diminish our competitive position.

Awareness and sensitivity to personal data breaches and cyber-security threats is at an all-time high. Our computer systems and those of our contractors and consultants are vulnerable to damage from unauthorized access, computer viruses, telecommunications and electrical failures, and natural disasters. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our R&D programs. We depend on digital technologies for the successful operation of our business, including corporate email communications to and from employees, licensees, consultants and third-party providers, collection, use and retention of investor data, security systems with respect to our Health Canada licensed laboratory and maintenance of confidential information.

As part of our business model, we collect, retain, and transmit confidential information over public networks. We may be vulnerable to targeted or random personal data or security breaches, acts of vandalism, computer malware, misplaced or lost data, programming and/or human errors, or other similar events. Any misappropriation of our internal confidential or personal information gathered, stored or used by us, be it intentional or accidental, could have a material impact on the operation of our business, including severely damaging our reputation and our relationships with licensees, employees and investors. We may incur further significant costs implementing additional security measures to protect against new or enhanced data security or privacy threats, or to comply with current and new international, federal, and state laws governing the unauthorized disclosure of confidential and personal information which are continuously being enacted. We could also experience loss of revenues resulting from unauthorized use of proprietary information including our intellectual property. We could also face sizable fines, significant breach containment and notification costs to supervisory authorities and the affected data subjects, and increased litigation as a result of cyber security or personal data breaches.

We may be subject to claims that our employees, consultants, or independent contractors have wrongfully used or disclosed alleged trade secrets.

We employ, and may employ in the future, individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. We could be subject to claims that the Company or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Successful claims could result in our loss of valuable intellectual property rights or personnel in addition to suffering monetary damages. Even if we are successful in any litigation, it could result in substantial costs and be a distraction to management with an adverse impact on our business.

B. Risks Associated with our Financial Condition

Without additional financing to develop our business plan, our business may fail.

We have generated only minimal revenue from our business and anticipate that we will need to raise further financing to conduct and grow our business. We can provide no assurance that we will be able to secure such financing. The most likely source of future funds presently available to us is through the sale of equity capital. Any sale of share capital will result in dilution to existing security-holders.

The longer-term growth of our business depends on our ability to expand our portfolio of patents and industry segments where DehydraTECH is demonstrably applicable, which may require substantial financial resources and may ultimately be unsuccessful.

There can be no assurance that we will achieve significant revenues or profitable operations or will generate adequate funds to continue our intellectual property development. Many factors, such as competition, patent protection, appropriate regulatory approvals, availability of personnel, and market acceptance of our services can influence the revenue and profitability potential. As a result, we may experience material fluctuations in future operating results on a quarterly and annual basis which could materially affect our business, financial condition, and operating results.

The R&D programs required to evidence that DehydraTECH's demonstrated efficacy also works with other APIs and molecules to develop the evidence may ultimately be unsuccessful. We cannot be certain that our overall business model within any particular sector will ever come to fruition, and if they do, may not generate meaningful profits. We may not recover all or any portion of our capital investment in our research and technology development, marketing, or other aspects of the business.

We may enter into collaborations with third parties for the development and commercialization of our product candidates. If we fail to enter into such collaborations, or such collaborations are not successful, we may not be able to capitalize on the market potential of our product candidates.

We face significant competition in seeking appropriate partners. Our ability to reach a definitive agreement in any collaboration depends in part on our assessment of their resources, expertise and intent, the terms and conditions of the proposed agreement and the evaluation of numerous factors by the proposed collaborator. Our ability to generate revenues from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements.

If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay our development programs. This might delay our potential development schedule or reduce the scope of research activities or increase our expenditures. We may have to undertake further discovery or preclinical development activities at our own expense. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development activities, we may not be able to further develop our product candidates or continue to develop our product candidates and our business may be materially and adversely affected.

Future collaborations may involve the following risks whereby collaborators may:

- not perform their obligations as expected or terminate an agreement for their convenience. If terminated, we could be required to raise additional capital to pursue further development or commercialization of the applicable product candidates. We could face difficulty in attracting new collaborators. The markets' perception of our business could be adversely affected.
- have significant discretion in determining the efforts and resources that they will apply. We would have limited control over the amount and timing of resources. They may provide insufficient funding for product development of our selected targets.
- have us repeat or conduct new discovery and preclinical development or delay, stop or abandon discovery and preclinical development of a product candidate.
- view product candidates discovered in collaboration as competitive with their existing product candidates or products. They may cease to devote resources to the development of collaborative product candidates.
- independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if they conclude that competitive products are more likely to be successfully developed than our products.
- use their proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property.
- become involved in a business combination which, subject to its contractual obligations, might detract from or terminate the development of any of our product candidates.

C. Risk Associated with Current Regulatory Environments

Our product candidates are in an early stage of development and may fail or experience significant delays or may never advance to the clinical stage, which may materially and adversely impact our business.

All of our R&D programs are in the preclinical development stage and our future success heavily depends on the successful development of our DehydraTECH product candidates which may never occur. These product candidates could be delayed, not advance into the clinic, or unexpectedly fail at any stage of development. Before we can commence clinical trials for a product candidate, we must conduct extensive preclinical and other non-clinical tests in order to support an investigational new drug ("IND") application, including IND-enabling good laboratory practice toxicology studies. Preclinical studies and clinical trials are expensive, difficult to design and can take many years. There is no assurance that we will be able to successfully develop our product candidates, and we may focus our efforts and resources on product candidates that may prove to be unsuccessful.

We cannot be certain of the outcome of preclinical testing and clinical studies and results from these studies may not predict the results that will be obtained in later phase trials of our product candidates. Even if we are able to complete our preclinical studies and planned clinical trials in line with our projected timelines, results from such studies and trials may be not replicated in subsequent preclinical studies or clinical trial results. Additionally, such studies may be delayed due to events beyond our control. As a result, we cannot guarantee that we will be able to submit INDs, or similar applications, within our projected timelines, if at all, or that the FDA, or similar regulatory authorities, will allow us to commence clinical trials.

Pharmaceutical products incorporating DehydraTECH have never been approved for the treatment of disease.

In order to commercialize a product that utilizes DehydraTECH for the treatment of any disease, we and/or our commercial partner must obtain regulatory product approvals for treatment of a particular indication. Satisfying regulatory requirements is an expensive process that typically takes many years. There are compliance requirements covering R&D, testing, manufacturing, quality control, labelling, and promotion of drugs for human use. To obtain necessary regulatory approvals we must complete clinical trials demonstrating that our product is safe and effective for a particular indication. There can be no assurance that any product enhanced by DehydraTECH will be proven to be safe and effective, that clinical trials will demonstrate the necessary safety and effectiveness of the product candidates, or that we will be successful in obtaining regulatory approval for any treatment developed, even if such safety and effectiveness are demonstrated.

We may encounter obstacles in obtaining regulatory approval from the FDA or other international regulatory organizations during clinical trials including:

- clinical trials may not yield sufficiently conclusive results for regulatory agencies to approve the use of DehydraTECH;
- DehydraTECH enhanced formulations may fail to be more effective than current therapies, or to be effective at all;
- DehydraTECH enhanced formulations may have adverse side effects, which could cause them to be delayed or precluded from receiving regulatory approval or otherwise expose us to significant commercial and legal risks;
- it may take longer than expected to determine whether or not a treatment is effective;
- patients involved in the clinical trials may suffer severe adverse side effects even up to death, whether as a result of treatment with DehydraTECH enhanced formulations, the withholding of such treatment, or other reasons whether within or outside of our control;
- patients enrolled in the clinical trials may not have the characteristics necessary to obtain regulatory approval for a particular indication or patient population;
- failure to obtain and/or maintain, any required governmental approvals;
- if approval for commercialization is granted, it is possible the authorized use will be more limited than is necessary for commercial success, or that approval may be conditioned on completion of further clinical trials or other activities, which will cause a substantial increase in costs;
- if granted, approval may be withdrawn or limited if problems with DehydraTECH enhanced formulations emerge or are suggested by the data arising from their use or if there is a change in law or regulation.

Any success achieved at a given stage of the clinical trials does not guarantee that the future achievement of success at any subsequent stage, including without limitation, final FDA approval.

Delays or rejections in the regulatory approval process because of additional government regulation resulting from future legislation or administrative action, or from changes in the policies of the FDA or other regulatory bodies during the period of product development, clinical trials, or regulatory review may occur. Failure to comply with applicable regulatory requirements may result in criminal prosecution, civil penalties, recall or seizure of products, total or partial suspension of production, or an injunction preventing certain activity, as well as other regulatory action against our product candidates or our Company.

We may choose to conduct one or more of our clinical trials or a portion of our clinical trials for our product candidates outside the U.S. The acceptance of study data from clinical trials conducted outside the U.S. or another jurisdiction by the FDA or comparable regulatory authority may be subject to certain conditions or may not be accepted at all.

We currently have no commercial pharmaceutical products and therefore generate no revenue from pharmaceutical products and may never be able to develop marketable pharmaceutical products. We have limited experience in filing the applications necessary to obtain approval and expect that we will need to rely on CROs and regulatory consultants to assist us with this process. Regulatory approval also requires the submission about the product manufacturing process and the inspection of the manufacturing facilities. Our success is dependent on our or a third parties' ability to successfully navigate the risks and obstacles associated with obtaining FDA clearance for any DehydraTECH enhanced formulated product.

Pharmaceutical products using DehydraTECH with CBD as an API have never been approved for the treatment of any disease.

To date the FDA has approved only limited use of cannabinoids for the treatment of any disease or condition. The FDA has approved one cannabinoid-derived drug product for the treatment of seizures associated with Lennox-Gastaut syndrome and Dravet syndrome and three synthetic cannabinoid-related drug products for the treatment of nausea and vomiting caused by cancer chemotherapy. While we expect any product candidates that we develop will be regulated as a new drug under the Federal Food, Drug, and Cosmetic Act, the FDA could decide to regulate them or any other products incorporating DehydraTECH under a different regulatory regime. The lack of policies, practices or guidelines may hinder or slow review by the FDA of any regulatory filings that we may submit. The FDA may respond to these submissions by defining requirements that we may not have anticipated.

Regulation of non-pharmaceutical hemp-based CBD products is evolving.

We cannot predict the nature of any future laws, regulations, interpretations, or their application to non-pharmaceutical hemp-based CBD. It is probable that regulations may be enacted that will be directly applicable to our business. Violations, alleged or otherwise, could disrupt our business or the business of our licensees. Any compliance deficiencies with future government regulation could increase our operating costs.

In the US, interstate shipment of hemp-derived non-pharmaceutical CBD from one state to another is legal only where both states have laws and regulations that allow for the production and sale of such products and that qualify under the Farm Bill. The marketing and sale of DehydraTECH products containing hemp-derived non-pharmaceutical CBD is limited by such factors and is restricted to such states. A repeal or adverse amendment of laws and regulations that are now favorable to the distribution, marketing, and sale of finished products of hemp-derived CBD our licensees intend to sell could significantly limit, restrict, or prevent us from generating revenue related to these DehydraTECH enabled non-pharmaceutical products. Any such repeal or adverse amendment of now favorable laws and regulations could have an adverse impact on our business plan with respect to such revenues.

Controlled substance legislation differs between localities. Legislation in certain jurisdictions may restrict or limit our ability to develop and commercialize products using DehydraTECH.

We currently have licensees who produce hemp-derived non-pharmaceutical CBD products. The Farm Bill delegates the authority to the states to regulate and limit the production of these products within their territories. Many states now have laws and regulations that allow for the production and sale of hemp-derived CBD products. We can offer no assurance that these state laws will not be repealed or amended which could render these products illegal. Such actions would adversely impact our product revenue and royalties derived from DehydraTECH-enabled CBD products.

D. Risks Associated with Securities Markets and Ownership of our Common Stock

The trading price of the shares of our common stock could be highly volatile and as such investors could incur substantial losses.

Prospects for companies in the biotechnology industry may be regarded generally as uncertain given the nature of the industry and, accordingly, investments in biotechnology companies should be regarded as speculative. We have experienced erratic share price and trading volume movement of our common stock which could be influenced by any number of factors including those extraneous to our operating performance and business prospects.

Our by-laws do not contain anti-takeover provisions, which could result in a change of our executive management and directors if there is a take-over of our Company.

We do not currently have a shareholder rights plan or any anti-takeover provisions in our by-laws. Without any anti-takeover provisions, there is no deterrent for an unwanted take-over of our Company. This could result in a change of management, business strategy, a lower enterprise valuation than anticipated and/or dilution of current shareholdings.

We do not intend to pay any dividends on our shares.

We have not declared or paid any dividends on our shares since inception. We intend to retain any earnings to implement our business plan. Investors seeking dividend income should not invest in our shares.

Purchasers of our shares may incur dilution.

We are authorized to issue up to 220,000,000 shares. Pursuant to Nevada corporate law, our Board has the authority to approve additional share issuances, and to determine the rights, preferences, and privileges of such shares, without consent of any of our stockholders, though pursuant to Nasdaq Rules, stockholder approval may be required for certain of these actions. We may issue shares in the future to raise working capital resulting in shareholders dilution in the ownership of our Company.

We are a "smaller reporting company" under the SEC's disclosure rules and have elected to comply with the reduced disclosure requirements applicable to smaller reporting companies.

As a smaller reporting company, we have elected to adopt the accommodations for scaled-back disclosure in our SEC filings, resulting in less information about our Company being available compared to other public companies. We are also a non-accelerated filer and are not required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002. Our internal controls over financial reporting will not receive the level of review provided by the process relating to the auditor attestation included in annual reports of issuers that are subject to these requirements.

We cannot predict if investors will find our common shares less attractive because we are not required to comply with more robust disclosure or the auditor attestation requirements. If investors find our common shares less attractive as a result, there may be a less active trading market for our common shares and trading prices may be negatively affected.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We are an early stage biopharmaceutical company and we are focused on developing our patented DehydraTECH technology. We do not sell products and therefore do not maintain customer lists or similar personal information. Therefore, we do not consider that we face significant cybersecurity risk and have not adopted a formal cybersecurity risk management program or process for assessing cybersecurity risk currently. We assess material risks from cybersecurity threats on an ongoing basis, including any potential unauthorized access to or occurrence on or conducted through our information systems that may result in adverse effects on the confidentiality, integrity, or availability of our information systems or any information residing therein. To this end, we utilize an outsourced information technology consultant, who we believe has sufficient experience and expertise with regard to cybersecurity matters, to implement systems and procedures designed to reduce, respond to and monitor for cybersecurity threats and vulnerabilities. Our outsourced information technology consultant conducts proactive patching and monitoring of all of our existing systems monthly and has implemented systems and procedures to mitigate cybersecurity risks that we believe are appropriate for a company of our size, stage of growth and financial condition.

As of the date of this Annual Report on Form 10-K, we are not aware of any cybersecurity threats, including as a result of any previous cybersecurity incidents, that have materially affected us, including our business strategy, results of operations or financial condition. However, as discussed under "Risk Factors" in Part I, Item 1A of this Annual Report, cybersecurity threats pose multiple risks to us, including potentially to our results of operations and financial condition. For additional information concerning risks related to cybersecurity, *see* Item 1.A. Risk Factors: Risks Associated with our Business and Industry.

Governance

Management is responsible for the day-to-day management of the risks we face, while our Board of Directors as a whole has responsibility for the oversight of risk management, including as to material risks from cybersecurity threats. In its risk oversight role, our Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are appropriate and functioning as designed. In general, we seek to address cybersecurity risks through a cross-functional approach that is focused on preserving the confidentiality, integrity, and availability of the information that we collect and store by identifying, preventing, and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur.

Item 2. Properties

Description of Property

The Company headquarters is in Kelowna, British Columbia Canada in a leased facility with 2,250 square feet of office space to accommodate our finance and administrative functions as well as a Health Canada approved research lab of approximately 1,000 square feet accommodating our in-house research and development team. The current lease has been extended for an additional five years expiring on November 14, 2028. We believe our current facilities are suitable and adequate for the Company's current operational requirements.

Item 3. Legal Proceedings

We are not party to any material, pending or existing legal proceedings against our Company or its subsidiaries nor are we involved as a plaintiff in any other material proceeding or pending litigation. There are no other proceedings in which any of our directors, executive officers, or affiliates, or any registered or beneficial stockholder, is an adverse party or has a material interest adverse to Lexaria or any of its subsidiaries.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

On January 12, 2021, the Company's common stock and certain warrants began trading on the National Association of Securities Dealers Automated Quotations Stock Market ("Nasdaq") under the trading symbols "LEXX" and "LEXXW", respectively. Prior to this date the Company's common stock was quoted on the OTCQX under the symbol "LXRP." Our common shares were previously quoted on the Canadian Securities Exchange ("CSE") under the symbol "LXX" until July 8, 2021.

The stock market in general has experienced extreme stock price fluctuations in the past few years. In some cases, these fluctuations have been unrelated to the operating performance of the affected companies. Many companies have experienced dramatic volatility in trading volumes and the market prices of their common stock. The Company believes that several factors, both within and outside of its' control, could cause the daily volumes and price of the Company's common stock to fluctuate. There were 15,810,205 common shares issued and outstanding as of August 31, 2024. As of November 22, 2024, there were approximately 33 shareholders of record.

Dividend Policy

We have never declared or paid any dividends on our capital stock. Our current policy is to retain earnings, if any, for use in our operations and in the development of our business. As a result, we anticipate that only appreciation of the price of our common stock, if any, will provide a return to investors for at least the foreseeable future. Any future determination related to dividend policy will be made at the discretion of our Board of Directors ("our Board") and will depend on, among other factors, our results of operations, financial condition, capital requirements, contractual restrictions, business prospects and other factors our Board may deem relevant.

Warrants

During the year ended August 31, 2024, 7,093,208 warrants were issued, 5,382,042 warrants were exercised for gross proceeds of $6,103,602 and 300,000 warrants expired. As at August 31, 2024, the Company had 5,931,649 warrants outstanding as follows:

- 60,798 warrants expiring on November 13 or November 28, 2024 with an exercise price of $36.00
- 16,667 warrants expiring on March 16, 2025 with an exercise price of $9.00
- 317,190 warrants expiring on May 6 or May 11, 2025 with an exercise price of $10.50
- 1,719,828 warrants expiring on January 11, 2026 with an exercise price of $6.58
- 483,750 warrants expiring on May 11, 2028 with an exercise price of $0.95
- 259,741 warrants expiring on February 16, 2029 with an exercise price of $2.185
- 54,546 warrants expiring on February 14, 2029 with an exercise price of $2.8875
- 2,917,032 warrants expiring on February 16, 2029 with an exercise price of $4.75
- 102,097 warrants expiring on February 16, 2029 with an exercise price of $5.9375

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The Company did not repurchase any of its equity securities during its fiscal year ended August 31, 2024.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

This discussion and analysis contain forward-looking statements that involve not only risks and uncertainties but also changes in condition, significance, value and other factors as described in "Risk Factors" and elsewhere in this Annual Report on Form 10-K. Our actual results of operations, performance, financial position and business prospects and opportunities for this fiscal year and the periods that follow could differ materially from those expressed in or implied by forward-looking statements. This discussion and analysis should be read in conjunction with our consolidated financial statements and the accompanying notes related thereto that appear in this Report.

The following management's discussion and analysis of financial condition and results of operations ("MD&A") is provided to enhance the readers understanding of our results of operations and financial condition for the year ended August 31, 2024, and in comparison, to the year ended August 31, 2023.

Executive Summary

Lexaria's DehydraTECH patented technology improves the delivery of bioactive compounds while promoting healthy ingestion methods, lowers overall dosing, and is highly effective in active molecule delivery available in a range of formats from oral ingestible to oral buccal/sublingual to topical products. DehydraTECH substantially improves the rapidity and quantity of API transport to the blood plasma and brain using the body's natural process for distributing fatty acids via the oral route. This technology extends across many categories beyond the primary pharmaceutical focus of the Company from foods and beverages to cosmetic products and nutraceuticals.

Lexaria is advancing several R&D activities in both preclinical and planned future clinical programs. Our primary focus during the fiscal year was on our investigations of DehydraTECH-enhanced GLP-1 and GIP drugs. These investigations included two human pilot studies, with our second human pilot study testing an oral mouth melt form of DehydraTECH-enhanced semaglutide and an extensive 12 arm animal study to investigate DehydraTECH enhanced semaglutide (both pure API and formulated Rybelsus®) DehydraTECH enhanced liraglutide and DehydraTECH enhanced CBD for weight loss. In addition, Lexaria has commenced start-up activities for its 12 week chronic human clinical trial study of diabetic patients comparing DehydraTECH-cannabidiol ("CBD"), DehydraTECH-semaglutide, DehydraTECH-CBD combined with DehydraTECH-semaglutide and DehydraTECH-tirzepatide against a Rybelsus® control.

In addition, we have continued to progress forward with addressing comments provided by the FDA on our IND application for the conduct of our Phase 1(b) clinical study investigation of DehydraTECH-CBD for the reduction of hypertension. Subject to receipt of sufficient funding, we anticipate that we will be in a position to proceed with this study during the 2025 fiscal year.

The Company continues to engage in small R&D projects and B2B formulation for third parties who are evaluating our technology for use in their product.

We were granted a total of ten new patents during fiscal 2024 including our first ever patents for the treatment of epilepsy, making it another successful year for the acquisition of new intellectual property.

Financial condition and operating performance

The data generated from our past and ongoing R&D programs continues to support confirmatory results and are contributing greatly to our understanding of the workings of DehydraTECH. These findings encourage the pursuit of lucrative commercial applications in the pharmaceutical sector. We continue to devote an increasing proportion of our resources toward pharmaceutical applications with the continuation of our programs directed at the enhancement of GLP-1 and GIP drugs.

During the year ended August 31, 2024, we completed two human pilot studies and one animal study investigating DehydraTECH infused GLP-1, GIP and CBD formulations. These programs, having been funded by the proceeds of Lexaria's 2024 financing activities of approximately $10.3 million, supported our significant advancements in the fields of diabetes, weight loss, heart disease and hypertension.

We consider the advancement of our applied R&D studies as a vital step towards our goal of establishing commercial relationships with industry partners who can utilize DehydraTECH within existing or new product lines. Conducting additional in vitro and in vivo studies which test the absorption of some, or all of the molecules named within our patents and patent applications, further substantiate the effectiveness of DehydraTECH. Successful tests are expected to increase awareness and acceptance of DehydraTECH as a meaningful method used to deliver some or all of the named molecules more effectively than current delivery methods avail. Absorption tests are an important element leading towards higher rates of acceptance and the implementation of our technology licensing initiatives. Our R&D results serve to de-risk the potential API products that could conceivably develop into clinical trials and ultimately new drugs.

Our pursuit of opportunities within the GLP-1/GIP drug, cannabinoid, nicotine and other bioactive molecular markets in the US and internationally continue unabated. We believe there are meaningful competitive advantages in manufacturers adopting DehydraTECH in their products with its demonstrated higher absorption levels, its ability to infuse smaller quantities of active molecules in their products and the benefit of its predictable drug delivery times. Implementing our technology could lead to smaller dosing and decreased manufacturing costs while masking unwanted flavor and smell of the active molecules. We are anticipating these efforts will lead to increased licensing revenue through licensing partnerships. We are pursuing technology licensing opportunities as a method of generating profitable revenue streams over long periods of time. We have not yet, however, been able to secure a large client utilizing our technology in large quantities of products.

With forty-six patents granted to date of which eighteen are granted in the US, Lexaria believes that it has a robust patent portfolio but continues to seek additional protection for its intellectual property globally. The successful granting of additional patents could lead to material increases in shareholder value through the ability to generate meaningful license revenues from our increased intellectual property portfolio.

Lexaria expects its current cash reserves to meet our operational requirements for the twelve months following the release of this report. The Company is continuing to explore strategic corporate business partnerships for many of its specific drug investigations after sufficient data has been generated which, if successful, could generate any combination of up-front milestone and/or royalty payments to the Company.

Results of Operations for our Year Ended August 31, 2024

Our net loss from operations decreased by $903,871 to $5,808,654 for the year ended August 31, 2024 from $6,712,525 for the year ended August 31, 2023. The changes between these periods for the respective items are summarized as follows:

	August 31, 2024	August 31, 2023	Change
Revenues	$ 464,278	$ 226,208	$ 238,070
Cost of goods sold	4,822	31,500	(26,678)
Research and development	2,360,565	3,666,721	(1,306,156)
Consulting fees & salaries	1,820,972	1,300,965	520,007
Legal and professional	812,066	444,593	367,473
Other general and administrative	1,218,983	1,316,451	(97,468)
Other expense, net	(55,524)	(178,503)	122,979
Net Loss	**$ (5,808,654)**	**$ (6,712,525)**	**$ 903,871**

Lexaria's business operations include technology licensing agreements where corporate licensees implement DehydraTECH under license within our contracted facilities under royalty agreements. This includes specific B2B pre-processed DehydraTECH CBD-powders manufactured at a Lexaria contracted GMP-certified food facility for clients to integrate into their final product formats. Fees are derived from a combination of manufacturing charges, royalties and trademark fees.

	Year Ended August 31,		
	2024	2023	Change
IP Licensing	$ 457,990	$ 146,800	$ 311,190
B2B	5,388	44,167	(38,779)
Other	900	35,241	(34,341)
Total Revenue	$ 464,278	$ 226,208	$ 238,070

Total Revenue for fiscal year 2024 increased by $238,070, or 105%, to $464,278 from $226,208 in fiscal year 2023. The primary source of revenue for the Company relates to the licensing of our technology to others. Licensing revenue grew by $311,190, or 212%, to $457,990 in fiscal year 2024 as compared to $146,800 in fiscal year 2023. This increase was attributable to minimum fees related to two license agreements. The increase in licensing revenue was partially offset decreases in both the revenue from our B2B processing of intermediary CBD products and other revenues which decreased by $38,779 and $34,341 respectively in fiscal year 2024. These decreases reflected the Company's emphasis during the year on licensing DehydraTECH to new and existing industry participants to enable enhanced performance of their developmental and commercial stage products.

In fiscal 2025 and assuming our existing clients remain in compliance with their contracts, the Company expects to see an increase in revenue through further technology licensing from DehydraTECH processed hemp-based CBD and other consumer products. One of our contracted clients is contractually required to make significantly larger quarterly payments to us during fiscal 2025 than during fiscal 2024. The anticipated expansion of our intellectual property portfolio and conducting supportive R&D may jointly contribute to strengthening revenue prospects as we continue to explore new applications for our technology.

Research and Development

Research and development ("R&D") costs are expensed as incurred and account for a significant portion of our operational expenses. During the fiscal year ended August 31, 2024, funding constraints limited our ability to direct resources to studies pertaining to weight loss and diabetes. R&D expenditures for fiscal year 2024 decreased by $1,306,156, or 36%, to $2,360,565 from $3,666,721 for fiscal year 2023. The decrease in year-over-year R&D expenditures was driven by completion of studies related to hypertension and anti-viral drugs and a slow-down in activity as we prepared to begin our investigational studies related to GLP-1 and GIP drugs. R&D expenditures relate primarily to our new investigations into GLP-1 and GIP drugs, along with ongoing expenditures in preparation for our hypertension-related prospective IND filing. To date, Lexaria has been pleased with the results of our investigational studies with DehydraTECH enhanced GLP-1 and GIP drugs.

We will continue to invest in our R&D programs for the foreseeable future and we expect these expenses to increase in 2025 compared to 2024, assuming successful corporate financing activities. Currently, our primary clinical research areas of interests are focused on the investigation of DehydraTECH-powered GLP-1/GIP drugs as well as CBD for the treatment of diabetes and weight loss and, also, CBD for the reduction of hypertension.

Of significant note, Lexaria submitted our preliminary pre-meeting application for an Investigational New Drug ("IND") to the FDA with plans to develop a cannabidiol-based drug formulation, DehydraTECH-CBD for hypertension. We received a written response following our pre-IND meeting in August 2022 where the agency has agreed with the Company's plans to pursue a faster 505(b)(2) new drug application regulatory pathway for the program. The 505(b)(2) pathway permits a faster commercial approval than the traditional 505(b)(1) NDA pathway. The FDA has agreed with the Company's proposed clinical protocol for DehydraTECH-CBD, which, as currently designed, would target 120 patients with hypertension. The regulator has also decided that there was no need to conduct additional non-clinical studies before the start of the IND program. Lexaria has been working with its third party regulatory affairs consultant to respond to certain requests of the FDA and amend its protocol accordingly. These documents are expected to be submitted during the first calendar quarter of 2025.

Preclinical and clinical development is inherently unpredictable as is regulatory approval and commercialization, therefore we are unable to estimate with certainty the ultimate costs we will incur for multi-year programs, and the timelines required in our continued development and commercialization efforts. We will require significant additional funding to complete any IND planned studies. Any successful development and completion of clinical trials as well as regulatory approval and commercialization are uncertain and may not result in approved products. Completion dates and completion costs can vary significantly for each future product candidate and are difficult to predict. Lexaria and our commercial partners will continue to explore multiple R&D programs directed toward further evaluation, development, and commercialization of our DehydraTECH technology.

General and Administrative

General and administrative expenses consist primarily of consulting fees, executive and employee salaries and stock-based compensation expense (non-cash). Also included are costs for advertising and marketing, investor relations, corporate facilities, insurance premiums, legal fees related to corporate matters, fees for auditing, and tax filings.

General and administrative expenses for fiscal year 2024 increased by $790,012, or 26%, to $3,852,021 from $3,062,009 for fiscal year 2023. The increase during Fiscal 2024 relates primarily to higher legal and professional, wages and salaries, and consulting expenses ($367,473, $267,330, and $252,677, respectively); combined with higher advertising and promotional expenditures ($84,187), as we scaled our efforts to bring the results of the Company's R&D programs to the attention of various industry sectors and to the scientific and investment communities; partially offset by lower depreciation, office expenses, and impairment losses on the Company's patent portfolio ($69,814, $63,499, and $48,925, respectively). The increase in wages and salaries relates primarily to stock-based compensation expense (non-cash), which increased to $492,236 during the year ended August 31, 2024 from $170,382 for the year ended August 31, 2023 due to increased options vesting during the year.

The increase in consulting expense for the year ended August 31, 2024 relates primarily to separation payments to our Chief Executive Officer, who resigned effective August 31, 2024, but is maintaining his position as Chairman of the Board and as a Strategic Executive Consultant. The increase in legal and professional fees reflects an increased level of equity financing-related activity during the fiscal year.

The Company evaluated its patent portfolio and determined that certain pending applications had been abandoned or would not be pursued. As such, during the year ended August 31, 2024, the Company recognized an impairment loss of $57,836 related to those abandoned applications, as compared to $106,731 for the year ended August 31, 2023.

Other Income/(Loss)

Other Income/(Loss) for fiscal year 2024 decreased by $122,979, or 69%, to a loss of $55,524 from a loss of $178,503 for fiscal year 2023. The change was primarily driven by the fact that fiscal year 2024 unrealized losses on marketable securities of $69,835 were $151,858, or 68%, lower than fiscal year 2023 unrealized losses on marketable securities of $221,693. This is attributable to continuing decreases in the fair value of the Company's investment in Hill Inc. common shares. We remain confident that the loss may be temporary in nature as Hill Inc. continues to make inroads into the US hemp markets with DehydraTECH enabled products produced and sold by their licensees.

Liquidity and Capital Resources

Since Lexaria's entrance into the bioscience sector, it has accumulated net losses of $51.6 million, of which approximately $5.8 million and $6.7 million were incurred, respectively, in the past two fiscal years. We expect to continue to incur significant operational expenses and net losses in the upcoming 12 months and beyond. Our net losses may fluctuate significantly from quarter to quarter and year to year, depending on the stage and complexity of our R&D studies and related expenditures, the receipt of additional payments related to the out-licensing of our technology, if any, and the receipt of payments under any current or future collaborations we may enter.

As the Company continues with our IND application process and progresses into the clinical development of our initial product candidate, the need for substantial capital resources increases. The Company intends to form industry partnerships for later stage clinical development, which in any event is expected to be a multi-year process. Our existing cash is not sufficient to complete the full development, testing and commercialization of an FDA approved product candidate. Accordingly, we will be required to obtain significant further funding or reach industry partnerships to achieve this business objective and/or delay or modify the program in accordance with the financial resources available.

Sources of Liquidity

During the year ended August 31, 2024, the Company has completed the following:

- Entered into a Warrant Exercise Agreement on April 30, 2024, to induce an existing accredited investor (the "Investor") to exercise in full outstanding Common Stock Purchase Warrants (the "Exercise") to purchase up to an aggregate of 2,917,032 shares of the Company's common stock (the "Existing Warrant") for gross proceeds of $4,407,444. In consideration for the immediate and full exercise of the Existing Warrant, the Investor received a new unregistered Common Stock Purchase Warrant to purchase up to an aggregate of 2,917,032 shares of the Company's common stock (the "New Warrant") with an exercise price of $4.75 per share in a private placement pursuant to Section 4(a)(2) of the Securities Act of 1933 (the "Securities Act"). The New Warrant was issued to the Investor for consideration of $0.125 per share for additional gross proceeds of $364,629. The Company also issued 102,097 warrants with an exercise price of $5.9375 as part of a tail commission. Placement agent fees and other offering expenses in the amount of $209,796 were netted against the proceeds.
- Entered into Securities Purchase Agreements whereby on February 16, 2024, the Company issued 1,444,741 shares of common stock and 113,702 pre-funded warrants in a registered direct offering. The Company also sold to investors, warrants to purchase up to 1,558,443 shares of common stock. The combined effective offering price for each share of common stock and accompanying warrant was $2.31. The warrants will expire five years from the issuance date, and have an exercise price of $2.185 per share. The Company also agreed to partially compensate the placement agent through the issuance of warrants to purchase up to 54,546 shares of common stock. The warrants will expire five years from the issuance date, and have an exercise price of $2.8875 per share. The net proceeds to the Company from the registered direct offering was $3.0 million, after deducting placement agent fees and other offering expenses paid by the Company. 1,298,702 warrants were exercised pursuant to the Warrant Exercise Agreement entered into on April 30, 2024.
- Entered into a Securities Purchase Agreement whereby on October 3, 2023, the Company issued, to a single healthcare-focused institutional investor, 889,272 shares of common stock and 729,058 pre-funded warrants in a registered direct offering. In a concurrent private placement, the Company also agreed to issue and sell to the investor, warrants to purchase up to 1,618,330 shares of common stock. The combined effective offering price for each share of common stock (or pre-funded warrant in lieu thereof) and accompanying warrant was $0.97 (to note the pre-funded warrants were issued at a price of $0.9699 and have an exercise price of $0.0001). The warrants will become exercisable six months from issuance, expire five and a half years from the issuance date, and have an exercise price of $0.97 per share. The net proceeds to the Company from the registered direct offering and concurrent private placement totaled $1.25 million, after deducting placement agent fees and other offering expenses payable by the Company. To date all of the pre-funded warrants have been exercised, resulting in an issuance by the Company of an aggregate 729,058 common shares for gross proceeds of $73. All of the 1,618,330 warrants were exercised pursuant to the Warrant Exercise Agreement entered into on April 20, 2024.
- Issued an aggregate of 1,622,250 common shares pursuant to the exercise of warrants that were issued under our May 11, 2023, financing, at an exercise price of $0.95 per share for the gross proceeds of $1,541,138.

We may also offer securities in response to market conditions or other circumstances if we believe such a plan of financing is required to advance the Company's business plans. There is no certainty that future equity or debt financing will be available or that it will be at acceptable terms, and the outcome of these matters is unpredictable. A lack of adequate funding may force us to reduce spending, curtail or suspend planned programs or possibly liquidate assets. Any of these actions could adversely and materially affect our business, cash flow, financial condition, results of operations, and potential prospects. The sale of additional equity may result in additional dilution to our stockholders. Entering into additional licensing agreements, collaborations, partnerships, alliances marketing, distribution, or licensing arrangements with third parties to increase our capital resources is also possible. If we do so we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us.

The Company has evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern. As of August 31, 2024, the Company had cash on hand of approximately $6.5 million to settle $1.1 million in current liabilities. The Company believes this is sufficient to fund our expected R&D and operating expenditures for the twelve-month period following the filing date of this report. We do not anticipate making any material capital expenditures in fiscal 2025, other than those currently budgeted for our R&D programs, as we believe our current facilities and equipment are sufficient for the forthcoming twelve months following the filing date of this report.

Working Capital	**August 31, 2024**	**August 31, 2023**
Current assets	$ 7,897,986	$ 2,151,213
Current liabilities	(1,099,419)	(267,735)
Net Working Capital	**$ 6,798,567**	**$ 1,883,478**

The Company's working capital balance increased by approximately $4.9 million due primarily to the net impact of cash from financing activities and cash used in operating activities during the year ended August 31, 2024.

Cash Flows	**August 31, 2024**	**August 31, 2023**
Cash flows used in operating activities	$ (4,959,003)	$ (5,881,237)
Cash flows used in investing activities	(188,605)	(169,610)
Cash flows provided by financing activities	10,315,207	1,589,731
Effect of exchange rate changes on cash	(19,816)	--
Increase/(Decrease) in cash	**$ 5,147,783**	**$ (4,461,116)**

Operating Activities

Net cash used in operating activities was approximately $5.0 million for the year ended August 31, 2024, compared with $5.9 million during the same period in 2023. The decrease in net cash used in operating activities during the year ended August 31, 2024 relates primarily to a decrease in our net loss ($903,871).

Investing Activities

Net cash used in investing activities is attributable to acquisitions of intellectual property and equipment. During the fiscal year, ten additional patents were granted.

Financing Activities

Net cash provided by financing activities reflects net proceeds from the sale of common shares for cash and the exercise of warrants. Net proceeds from the October 3, 2023, February 14, 2024 and April 30, 2024 financing transactions and from warrant exercises totaled approximately $10.3 million.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in conformity with US GAAP. Preparing financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

Information about critical judgments in applying the accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is discussed below. Further details of the nature of these judgments, estimates and assumptions may be found in the relevant notes to the consolidated financial statements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a "Smaller Reporting Company", this Item and the related disclosure is not required.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Lexaria Bioscience Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lexaria Bioscience Corp. and its subsidiaries (collectively, the "Company") as of August 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company's auditor since 2022.
Houston, Texas
November 26, 2024

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED BALANCE SHEETS
(Expressed in US Dollars)

	August 31, 2024	August 31, 2023
ASSETS		
Current		
Cash	$ 6,499,885	$ 1,352,102
Marketable securities	55,807	125,642
Accounts receivable	154,477	126,686
Prepaid expenses and other current assets	1,187,817	546,783
Total Current Assets	7,897,986	2,151,213
Non-current assets, net		
Long-term receivables	63,575	48,559
Right of use assets	134,843	167,446
Property & equipment, net	254,709	254,143
Intellectual property, net	516,676	462,625
	969,803	932,773
TOTAL ASSETS	$ 8,867,789	$ 3,083,986
LIABILITIES and STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,066,409	$ 239,941
Deferred revenue	4,963	-
Lease liability, current	28,047	27,794
Total Current Liabilities	1,099,419	267,735
Lease liability, non-current	109,319	136,173
TOTAL LIABILITIES	$ 1,208,738	$ 403,908
Stockholders' Equity		
Share Capital		
Authorized: 220,000,000 common voting shares with a par value of $0.001 per share		
Common shares issued and outstanding:		
15,810,205 and 8,091,650 at August 31, 2024, and August 31, 2023, respectively	$ 15,810	$ 8,091
Additional paid-in capital	59,599,178	48,799,454
Accumulated Deficit	(51,558,772)	(45,763,427)
Accumulated other comprehensive loss	(19,816)	-
Equity attributable to shareholders of Lexaria	8,036,400	3,044,118
Non-controlling Interest	(377,349)	(364,040)
Total Stockholders' Equity	7,659,051	2,680,078
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 8,867,789	$ 3,083,986

The accompanying notes are an integral part of these consolidated financial statements.

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in US Dollars except share amounts)

	Year Ended August 31,	
	2024	**2023**
Revenue	$ 464,278	$ 226,208
Cost of goods sold	4,822	31,500
Gross profit	459,456	194,708
Operating expenses		
Research and development	2,360,565	3,666,721
General and administrative	3,852,021	3,062,009
Total operating expenses	6,212,586	6,728,730
Loss from operations	(5,753,130)	(6,534,022)
Other income (loss)		
Interest income	14,311	43,190
Unrealized loss on marketable securities	(69,835)	(221,693)
Total other income (loss)	(55,524)	(178,503)
Net loss	$ (5,808,654)	$ (6,712,525)
Less: Net loss attributable to non-controlling interest	$ (13,309)	$ (47,626)
Net loss attributable to Lexaria shareholders	$ (5,795,345)	$ (6,664,899)
Other comprehensive income		
Foreign currency translation adjustment	$ (19,816)	$ -
Total comprehensive loss	$ (5,815,161)	$ (6,664,899)
Basic and diluted loss per share	$ (0.47)	$ (1.01)
Weighted average number of common shares outstanding - Basic and diluted	12,383,974	6,614,066

The accompanying notes are an integral part of these consolidated financial statements.

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)

	Year Ended August 31,	
	2024	**2023**
Cash flows used in operating activities		
Net loss	**$ (5,808,654)**	**$ (6,712,525)**
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation	**492,236**	**170,382**
Depreciation and amortization	**76,153**	**145,397**
Impairment loss	**57,836**	**106,761**
Bad debt expense	**7,760**	**-**
Noncash lease expense	**32,603**	**41,564**
Unrealized loss on marketable securities	**69,835**	**221,693**
Lease accretion	**6,672**	**2,227**
Change in operating assets and liabilities		
Accounts receivable	**(35,551)**	**26,539**
Inventory	**-**	**43,069**
Prepaid expenses and deposits	**(641,034)**	**29,978**
Long-term receivables	**(15,016)**	**-**
Accounts payable and accrued liabilities	**826,468**	**88,492**
Operating lease liability	**(33,273)**	**(44,814)**
Deferred revenue	**4,962**	**-**
Net cash used in operating activities	**$ (4,959,003)**	**$ (5,881,237)**
Cash flows used in investing activities		
Intellectual property	**(145,591)**	**(135,862)**
Purchase of equipment	**(43,014)**	**(33,748)**
Net cash used in investing activities	**$ (188,605)**	**$ (169,610)**
Cash flows from financing activities		
Proceeds from exercise of stock options	**2,875**	**-**
Proceeds from sale of common shares for cash	**4,208,731**	**1,589,731**
Proceeds from exercise of warrants	**6,103,601**	**-**
Net cash from financing activities	**$ 10,315,207**	**$ 1,589,731**
Effect of exchange rate changes on cash	**$ (19,816)**	**$ -**
Net change in cash for the period	**5,147,783**	**(4,461,116)**
Cash at beginning of period	**1,352,102**	**5,813,218**
Cash at end of period	**$ 6,499,885**	**$ 1,352,102**
Supplemental information of cash flows:		
Income taxes paid in cash	$ 10,042	$ 8,214
Remeasurement of operating lease right of use assets and liabilities	$ -	$ 156,566

The accompanying notes are an integral part of these consolidated financial statements.

LEXARIA BIOSCIENCE CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended August 31, 2024 and 2023
(Expressed in US Dollars)
(Audited)

	Common Stock		Additional Paid-in		Non-controlling	Accumulated Other Comprehensive	Stockholders
	Shares	Amount	Capital	Deficit	Interest	(Loss) Income	Equity
Balance August 31, 2022	**5,950,998**	**$ 5,951**	**$ 47,041,481**	**$ (39,098,528)**	**$ (316,414)**	**$ -**	**$ 7,632,490**
Shares sold for cash	2,140,652	2,140	1,587,591	-	-	-	1,589,731
Stock based compensation	-	-	170,382	-	-	-	170,382
Net loss	-	-	-	(6,664,899)	-	-	(6,664,899)
Non-controlling interest	-	-	-	-	(47,626)	-	(47,626)
Balance August 31, 2023	**8,091,650**	**$ 8,091**	**$ 48,799,454**	**$ (45,763,427)**	**$ (364,040)**	**$ -**	**$ 2,680,078**
Shares sold for cash	2,334,013	2,334	4,206,397	-	-	-	4,208,731
Shares issued from exercise of warrants	5,382,042	5,382	6,098,219	-	-	-	6,103,601
Shares issued from exercise of options	2,500	3	2,872	-	-	-	2,875
Stock based compensation			492,236	-	-	-	492,236
Foreign currency translation loss						(19,816)	(19,816)
Net loss				(5,795,345)			(5,795,345)
Non-controlling interest					(13,309)		(13,309)
Balance August 31, 2024	**15,810,205**	**$ 15,810**	**$ 59,599,178**	**$ (51,558,772)**	**$ (377,349)**	**$ (19,816)**	**$ 7,659,051**

The accompanying notes are an integral part of these consolidated financial statements.

LEXARIA BIOSCIENCE CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2024 and 2023

1. Nature of Business

Lexaria Bioscience Corp. ("Lexaria", "we", "our" or the "Company") is a biotechnology company pursuing the enhancement of the bioavailability of a diverse and broad range of active pharmaceutical ingredients ("API") using our proprietary DehydraTECH drug delivery technology. Our current focus is the investigation of the incorporation of our DehydraTECH drug delivery technology with GLP-1 and GIP drugs to enhance absorption and reduce adverse side effects.

Revenues are generated from licensing contracts for the Company's patented DehydraTECH technology based on the terms of use and defined geographic and licensing arrangements. We derive income from our third party contracted manufacturing of B2B DehydraTECH enhanced products made to customer specifications that are sold online and in-store in the US and Canada. We also perform contract services in R&D for customer specific formulations that are used in comparison testing to customers' existing products.

Liquidity

The Company's consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and in accordance with accounting principles generally accepted in the United States ("US GAAP") applicable to a going concern, which assumes the Company will have sufficient funds to meet its financial obligations for a period of at least 12 months from the date of this report.

Since inception, the Company has incurred significant operating and net losses. The losses attributable to shareholders were $5.8 million and $6.7 million, for the years ended August 31, 2024 and 2023, respectively. As of August 31, 2024, we had an accumulated deficit of $ 51.6 million. We expect to continue to incur significant operational expenses and net losses in the upcoming 12 months. Our net losses may fluctuate significantly from quarter to quarter and year to year, depending on the stage and complexity of our R&D studies and corporate expenditures, additional revenues received from the licensing of our technology, if any, and the receipt of payments under any current or future collaborations we may enter into.

During the year ended August 31, 2024, we raised an approximate aggregate $10.3 million in net proceeds from the sale of securities pursuant to our equity financings from October 3, 2023, February 14, 2024 and April 30, 2024 and from the exercise of warrants. Subsequent to August 31, 2024, we raised an additional $4.5 million in net proceeds in a registered direct offering. We may offer additional securities for sale during our fiscal year 2025 or thereafter in response to market conditions or other circumstances if we believe such a plan of financing is required to advance the Company's business plans and is in the best interests of our stockholders.

Based on existing cash resources, management believes that current funding will be sufficient to meet the Company's financial obligations for a period of at least twelve months from the date of this report.

2. Significant Accounting Policies

Basis of presentation and consolidation

These consolidated financial statements have been prepared in conformity with generally accepted accounting principles of the United States ("US GAAP") and pursuant to the rules and regulations of the SEC. All amounts, unless otherwise stated, are in U.S. dollars.

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries: Lexaria Pharmaceutical Corp., Lexaria Hemp Corp., Lexaria CanPharm ULC, Lexaria Nutraceutical Corp., Poviva Corp., Lexaria CanPharm Holding Corp., Lexaria (AU) Pty Ltd and Kelowna Management Services Corp. The Company owns 83.3% of Lexaria Nicotine LLC and the remaining 16.7% is owned by Altria Ventures Inc. (an indirect wholly owned subsidiary of Altria Group, Inc.). All significant intercompany balances and transactions have been eliminated upon consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash-on-hand and demand deposits with financial institutions and other short-term investments with maturities of less than three months when acquired and readily convertible to known cash amounts. The Company had no cash equivalents as of August 31, 2024 or August 31, 2023.

Marketable Securities

The Company's marketable securities consist of investments in common stock. Investments in equity securities are reported at fair value with changes in unrecognized gains or losses included in other income (loss) on the Consolidated Statements of Operations and Comprehensive Loss.

Leases

The Company accounts for its leases under ASC 842, Leases ("ASC 842"). Under this guidance, arrangements meeting the definition of a lease are classified as operating or financing leases and are recorded on the consolidated balance sheet as both a right of use asset and lease liability.

We determined the initial classification and measurement of our right-of-use assets and lease liabilities at the lease commencement date and thereafter if modified. The lease term includes any renewal options and termination options that we are reasonably certain to exercise. The present value of lease payments is determined by using the interest rate implicit in the lease, if that rate is readily determinable; otherwise, we use our incremental borrowing rate. The incremental borrowing rate is determined by using the rate of interest that we would pay to borrow on a collateralized basis, an amount equal to the lease payments for a similar term and in a similar economic environment.

Operating lease expenses are recognized on a straight-line basis, unless the right-of-use asset has been impaired, over the reasonably certain lease term based on the total lease payments. They are included in operating expenses in the Consolidated Statements of Operations and Comprehensive Loss.

For operating leases that reflect impairment, we will recognize the amortization of the right-of-use asset on a straight-line basis over the remaining lease term with rent expense still included in operating expenses in the Consolidated Statements of Operations and Comprehensive Loss. For all leases, rent payments that are based on a fixed index or rate at the lease commencement date are included in the measurement of lease assets and lease liabilities at the lease commencement date.

We have elected the practical expedient to not separate lease and non-lease components. Our non-lease components are primarily related to property taxes and maintenance, which vary based on future outcomes, and thus differences to original estimates are recognized in rent expense when incurred.

Intellectual property

Capitalized intellectual property costs include those incurred with respect to both pending and granted patents filed in the United States. When patent applications are filed, the directly related capitalized costs are amortized on a straight-line basis over an estimated economic life of 20 years.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment and depreciated using the straight-line method over the useful lives of the various asset classes. Laboratory and computer equipment and office furniture are depreciated over periods ranging from 3 to 10 years. Certain production equipment is depreciated by units of production method. Leasehold improvements are amortized over the term of the related leases, or the economic life of the improvements, whichever is shorter.

Impairment of long-lived assets

Long-lived assets, including equipment and intangible assets, namely the Company's patents, are assessed for potential impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss is recognized when the carrying amount of the long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Any required impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value and is recorded as a reduction in the carrying value of the related asset and a charge to profit or loss. Intangible assets with indefinite lives are tested for impairment annually and in interim periods if certain events occur indicating that the carrying value of the intangible assets may be impaired.

Revenue recognition

The Company recognizes revenue in accordance with ASC 606's core principle by applying the following five steps:

1. Identify contracts with customers
2. Identify the performance obligations in the contracts
3. Determine the contract price
4. Allocate the contract price
5. Recognize revenue when/as performance obligations are satisfied

Licensing revenue from intellectual property

Our revenues from licenses that grant exclusive rights to use our intellectual property, which we consider functional IP, are recognized at a point in time following the transfer and use of our patented infusion technology DehydraTECH. Our licensees are also required to pay quarterly fixed non-refundable minimum performance fees which are recognized as revenue over the period to which they apply.

Usage fees from intellectual property

The Company may also earn sales-based or usage-based royalties from its licensing contracts. The Company recognizes usage fees in the period when our licensees recognize sales of end-products that incorporate our licensed technology. No sales-based usage fees were recognized for the years ended August 31, 2024 and 2023.

Third Party Contracted Manufacturing

The Company recognizes revenue with respect to contract manufacturing arrangements when the related performance obligations have been satisfied (i.e., when it has completed the related manufacturing work) and in accordance with the five steps described in the ASC 606.

Contract Research and Development

The Company recognizes revenue from contract research and development arrangements when the related performance obligations have been satisfied and in accordance with the five steps described in ASC 606. The related performance obligation typically entails preparation of customer-specific formulations (i.e., DehydraTECH paired with the customer's active ingredient) that the customer then uses in comparison testing relative to its existing product(s). Revenue is recognized upon shipment of the formulation to the customer.

Cost of sales

Cost of sales includes all expenditures incurred in bringing the goods to the point of sale. This includes third-party manufacturing and handling costs, direct costs of the raw material, inbound freight charges, warehousing costs, and applicable overhead expenses.

Research and development

Research and development costs are expensed as incurred. These expenditures are comprised of both in-house research programs and through third-party contracts including consultants, academic and non-profit institutions, contract manufacturing, and other expenses.

Intellectual property expenses

Non-capitalizable costs associated with intellectual property-related matters are expensed as incurred and included in general and administrative expenses within the Consolidated Statements of Operations and Comprehensive Loss.

Stock-based compensation

The Company accounts for its stock-based compensation awards whereby all stock-based grants are recognized as expenses in the Consolidated Statements of Operations and Comprehensive Loss based on the fair value at grant date subject to vesting dates and amortized over the related vesting period. The grant date fair value of each option award is estimated using the Black-Scholes option-pricing model. The use of the Black-Scholes option-pricing model requires management to make assumptions with respect to the expected term of the option, the expected volatility of the common stock consistent with the expected term of the option, risk-free interest rates and expected dividend yields of the common stock.

Foreign currency translation

The Company's reporting currency is the U.S. dollar. The Company has foreign operations whose functional currency is the local currency. Assets and liabilities are translated into U.S. dollars, the reporting currency, at the exchange rate on the balance sheet date. Revenues and expenses are translated into U.S. dollars at the average rates of exchange prevailing during the reporting period. Foreign currency translation adjustments resulting from this process are reported as an element of other comprehensive income (loss) on the consolidated statements of operations and comprehensive loss. Transactions executed in different currencies are translated at spot rates and resulting foreign exchange transaction gains and losses are charged to income.

Loss per share

The calculation of loss per share uses the weighted average number of shares outstanding during the year. Diluted net income per share includes the effect, if any, from the potential exercise or conversion of securities, such as restricted stock, stock options, and warrants, which would result in the issuance of incremental shares of common stock. Diluted loss per share is equivalent to basic loss per share if the potential exercise of the equity-based financial instruments is anti-dilutive.

Income taxes

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns using the liability method. Under this method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect in the year in which the differences are expected to reverse. A valuation allowance is established to reduce deferred tax assets to an amount whose realization is more likely than not.

Fair Value Measurements

When measuring fair value, the Company seeks to maximize the use of observable inputs and minimize the use of unobservable inputs. This establishes a fair value hierarchy based on the level of independent objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are prioritized into three levels used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and
- Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The Company's financial instruments consist primarily of cash, marketable securities, accounts receivable and payable, and accrued liabilities. The carrying amounts of instruments approximate their fair values due to their short maturities or quoted market prices.

The Company's headquarters and operations are located in Canada which results in exposure to market risks from fluctuations in foreign currency rates. The foreign currency exchange risk is the financial risk to the Company's operations that arise from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk as the impact of rate changes for USD/CAD dollars is not expected to be material.

The following table provides a summary of financial instruments that are measured at fair value on a recurring basis as of August 31, 2024.

	Carrying Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	Total
Marketable Securities	$ 55,807	$ 55,807	$ -	$ -	$ 55,807

The following table provides a summary of financial instruments that are measured at fair value on a recurring basis as of August 31, 2023.

	Carrying Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	Total
Marketable Securities	$ 125,642	$ 125,642	$ -	$ -	$ 125,642

Credit risk and customer concentration

The Company places its cash with a high credit quality financial institution. Periodically, the Company may carry cash balances at such financial institution in excess of the federally insured limit of $250,000. The Company has not experienced losses on these accounts and management believes, based upon the quality of the financial institution, that the credit risk with regard to these deposits is not significant.

In the year ended August 31, 2024, two customers accounted for 99% of consolidated revenues, whereas for the year ended August 31,2023, four customers accounted for 95% of consolidated revenue. At fiscal year-end 2024, we had $84,000 in license fees receivable, compared to $24,635 as of August 31, 2023. The Company recognized bad debt expense of $7,760 and $0 for the years ended August 31, 2024 and August 31, 2023, respectively.

As of August 31, 2024, the Company had $70,477 in sales tax receivable, compared to $102,051 as of August 31, 2023. The Company considers its credit risk to be low for such receivables.

Commitments and contingencies

The Company's policy is to record accruals for any loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. In the event that estimates or assumptions prove to differ from actual results, adjustments are made in subsequent periods to reflect more current information. The Company, from time to time, may be subject to legal claims and proceedings related to matters arising in the ordinary course of business. Management has no knowledge of any such claim against the Company with, at minimum, a reasonable possibility that a material loss may be incurred.

Reclassifications

Certain amounts in the prior period have been reclassified to conform with current period presentation.

3. Recent Accounting Guidance

Recently Adopted Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This Accounting Standards Update represents a significant change in the accounting for credit losses model by requiring immediate recognition of management's estimates of current expected credit losses (CECL). Under the prior model, losses were recognized only as they were incurred. The Company has determined that it has met the criteria of a smaller reporting company ("SRC") as of November 15, 2019. As such, ASU 2019-10, Financial Instruments-Credit Losses, Derivatives and Hedging, and Leases: Effective Dates amended the effective date for the Company to be for reporting periods beginning after December 15, 2022. The Company adopted ASU 2016-13 effective September 1, 2023, and determined that its impact on the accompanying consolidated financial statements is immaterial.

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280)) – Improvements to Reportable Segment Disclosures, which improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU also expands disclosure requirements to enable users of financial statements to better understand the entity's measurement and assessment of segment performance and resource allocation. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently assessing the effect of this ASU on its consolidated financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-02-Codification Improvements-Amendments to Remove References to the Concepts Statements, that contains amendments to the Codification that remove references to various FASB Concepts Statements. This effort facilitates Codification updates for technical corrections such as conforming amendments, clarifications to guidance, simplifications to wording or the structure of guidance, and other minor improvements. The amendments are effective for public business entities for fiscal years beginning after December 15, 2024, with early adoption permitted. Early application of the amendments in this ASU is permitted for all entities, for any fiscal year or interim period for which financial statements have not yet been issued (or made available for issuance). If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. The Company is currently assessing the effect of this ASU on its consolidated financial statements and related disclosures.

4. Estimates and Judgments

The preparation of financial statements in conformity with US GAAP requires us to make certain estimates, judgments and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenue and expenses during the fiscal period. Some of the Company's accounting policies require us to make subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. These accounting policies involve critical accounting estimates because they are particularly dependent on estimates and assumptions made by management about matters that are highly uncertain at the time the accounting estimates are made. Although we have used our best estimates based on facts and circumstances available to us at the time, different estimates reasonably could have been used. Changes in the accounting estimates used by the Company are reasonably likely to occur from time to time, which may have a material effect on the presentation of financial condition and results of operations.

Management reviews our estimates, judgments, and assumptions periodically and reflects the effects of any revisions in the period in which they are deemed to be necessary. We believe that these estimates are reasonable. However, actual results could differ from these estimates.

Significant accounting estimates and assumptions are used for, but not limited to:

The Valuation of Deferred Tax Assets

Judgment is required in determining whether deferred tax assets are recognized on the balance sheet. The recognition of deferred tax assets requires management to assess the likelihood that the Company will generate taxable income in future periods to utilize the deferred tax assets. Due to the Company's history of losses, valuation allowances are established when necessary to reduce deferred tax assets to the amount more likely than not to be realized.

Value of Stock Options and Warrants

The Company provides compensation benefits to its employees, officers, directors, and consultants, through a stock option plan. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility assumptions used in the model are based on the historical volatility of the Company's share price. The Company uses historical data to estimate the period of option exercises for use in the valuation model. The risk-free interest rate for the expected term of the option is based on the yields of government bonds. Changes in these assumptions, especially the share price volatility and the expected term determination could have a material impact on the Company's profit and loss for the years presented. All estimates used in the model are based on historical data, which may not be representative of future results.

Disposals of Assets - Value of Note Receivable

The Asset Purchase Agreement for the sale of assets to Hill Inc. included C$2 million note (the "Note") receivable as partial payment of the agreement. The Note does not contain a fixed repayment schedule nor a maturity date. The repayment of the Note is based on the purchaser repaying the outstanding value of the Note and interest from the future revenues generated from an untested market with no existing revenue streams. Therefore, with any repayment being highly doubtful, management determined at that time and as of August 31, 2024 and 2023 that the value of the note to be notional and recorded the note at a zero value for accounting purposes. During fiscal 2024, we received interest income on the note totalling $14,117. Hill Inc. continues to operate and make ongoing interest payments to us in relation to this Note.

Impairment of Long-Lived Assets

The Company evaluated its patent portfolio and determined that certain pending applications had been abandoned or would not be pursued. As such, during the year ended August 31, 2024, the Company recognized an impairment loss of $57,836 related to those abandoned applications.

5. Accounts and Other Receivables

Accounts receivable at August 31, 2024 and August 31, 2023 consist of the following:

	August 31, 2024	August 31, 2023
Territory license fees	$ 84,000	$ 24,635
Sales tax	70,477	102,051
Long term receivable	63,575	48,559
Total Receivables	**$ 218,052**	**$ 175,245**

6. Prepaid Expenses and Other Current Assets

Prepaid expenses consist of the following at August 31, 2024 and August 31, 2023:

	August 31, 2024	August 31, 2023
Advertising & Conferences	$ 204,894	$ 40,342
Research and Development	673,126	-
Consulting	-	331,811
Legal & Accounting Fees	45,600	36,795
License, Filing Fees, Dues	22,925	15,668
Office & Insurance	122,245	97,167
Capital Financing	119,027	25,000
Total Prepaid Expenses and Other Current Assets	**$ 1,187,817**	**$ 546,783**

7. Intellectual Property, net

A continuity schedule for capitalized patents is presented below:

	August 31, 2024	August 31, 2023
Balance – beginning	$ 462,625	$ 488,462
Addition	145,591	135,862
Impairment	(57,836)	(106,761)
Amortization	(33,704)	(54,938)
Balance – ending	**$ 516,676**	**$ 462,625**

The Company evaluated its patent portfolio and determined that certain pending applications had been abandoned or will not be pursued. As such, during the year ended August 31, 2024, the Company recognized an impairment loss of $57,836 related to those abandoned applications. The Company recognized $33,704 of amortization expense related to patents and licenses in the year ended August 31, 2024.

The following table summarizes expected future amortization of the Company's patent portfolio as of August 31, 2024:

Years Ending December 31,	
2025	$ 25,813
2026	25,813
2027	25,813
2028	25,813
2029	25,813
Thereafter	$ 387,611
Total	$ 516,676

8. Property & Equipment, net

Property and equipment, net consists of:

Saturday, August 31, 2024	Cost	Period Amortization	Additions	Accumulated Amortization	Net Balance
Leasehold improvements	$ 259,981	$ (11,258)	$ -	$ (259,981)	$ -
Computers	70,781	(2,920)	-	(69,076)	1,705
Furniture fixtures equipment	31,126	(1,870)	-	(31,126)	-
Lab equipment	367,423	(26,400)	43,014	(157,433)	253,004
Total	**$ 729,311**	**$ (42,448)**	**$ 43,014**	**$ (517,616)**	**$ 254,709**

August 31, 2023	Cost	Period Amortization	Additions	Accumulated Amortization	Net Balance
Leasehold improvements	$ 259,981	$ (54,037)	$ -	$ (248,723)	$ 11,258
Computers	70,781	(4,732)	-	(66,156)	4,625
Furniture fixtures equipment	31,126	(6,417)	-	(29,257)	1,869
Lab equipment	333,675	(29,986)	33,748	(131,032)	236,391
Total	**$ 695,563**	**$ (95,172)**	**$ 33,748**	**$ (475,168)**	**$ 254,143**

During the years ended August 31, 2024 and August 31, 2023, amortization of $0 and $4,651 was included in cost of goods sold.

9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following as of August 31, 2024 and August 31, 2023:

	August 31, 2024	August 31, 2023
Accounts Payable		
Vendors payable	$ 379,882	$ 225,038
Sales tax payable	$ 8,528	$ 14,903
Accrued Liabilities		
Vendors payable	$ 677,999	-
Balance Ending	**$ 1,066,409**	**$ 239,941**

10. Revenues

Revenues for the years ended August 31, 2024 and 2023 consist of the following:

	Year Ended August 31,	
	2024	2023
IP Licensing	$ 457,990	$ 146,800
B2B	5,388	44,167
Other	900	35,241
Total Revenue	$ 464,278	$ 226,208

Licensing revenue consists of IP licensing fees for transfer of the DehydraTECH technology in line with definitive agreements and includes non-refundable minimum performance fees. The Company recognized $457,990 in licensing revenue during the year. The Company recognized B2B product revenues of $5,388 that relate to sales of our intermediate products for use by B2B customers in their products.

11. Income Taxes

The following table reconciles the income tax benefit at the U.S. Federal statutory rate to income tax benefit at the Company's effective tax rates as at August 31, 2024 and 2023:

	August 31 2024	August 31 2023
	$	$
Loss before taxes	(5,808,654)	(6,712,525)
Expected income tax recovery	(1,255,377)	(1,427,529)
Non-deductible items	(532)	(831)
Change in estimates	119,349	4,271
Effect of changes in foreign and long-term tax rates		-
Change in valuation allowance	1,138,779	1,432,305
Total income taxes	**2,219**	**8,216**

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets at August 31, 2024 and 2023 are comprised of the following:

	August 31 2024	August 31 2023
	$	$
Non-capital losses	8,738,277	8,637,353
Marketable securities	(14,051)	(14,051)
Stock based compensation	754,147	650,778
R&D	1,348,082	371,326
PPE and intangibles	(95,179)	(64,569)
Total deferred tax assets	10,731,276	9,580,837
Valuation Allowance	(10,731,276)	(9,580,837)
Net Deferred tax assets	-	-

The Company has net operating loss carry-forwards of approximately $44 million which may be carried forward to apply against future year income tax for U.S. tax purposes.

12. Common Shares and Warrants

Fiscal 2024 Activity

During the year ended August 31, 2024, the Company entered into Securities Purchase Agreements whereby on February 16, 2024, the Company issued 1,444,741 shares of common stock and 113,702 pre-funded warrants in a registered direct offering. The Company also sold to investors, warrants to purchase up to 1,558,443 shares of common stock. The combined effective offering price for each share of common stock and accompanying warrant was $2.31. The warrants will expire five years from the issuance date, and have an exercise price of $2.185 per share. The Company also agreed to partially compensate the placement agent through the issuance of warrants to purchase up to 54,546 shares of common stock. Such warrants will expire five years from the issuance date, and have an exercise price of $2.8875 per share. The net proceeds to the Company from the registered direct offering was $3.0 million, after deducting placement agent fees and other offering expenses paid by the Company. As of August 31, 2024, 1,298,702 warrants had been exercised. In addition, all 113,702 pre-funded warrants had been exercised for gross proceeds of $11.

During the year ended August 31, 2024, the Company also entered into a securities purchase agreement with a single healthcare-focused institutional investor to purchase 889,272 shares of common stock and 729,058 pre-funded warrants in a registered direct offering. In a concurrent private placement, the Company also sold to the investor, warrants to purchase up to 1,618,330 shares of common stock. The combined effective offering price for each share of common stock (or pre-funded warrant in lieu thereof) and accompanying warrant was $0.97 (to note the pre-funded warrants were issued at a price of $0.9699 and have an exercise price of $0.0001). The warrants will become exercisable six months from issuance, expire five and a half years from the issuance date, and have an exercise price of $0.97 per share. The net proceeds to the Company from the registered direct offering and concurrent private placement were $1.25 million, after deducting placement agent fees and other offering expenses payable by the Company. To date all of the pre-funded warrants have been exercised, resulting in the issuance by the Company of an aggregate 729,058 common shares for gross proceeds of $73. Further, all 1,618,330 warrants had been exercised by August 31, 2024.

On April 30 2024, the Company entered into a Warrant Exercise Agreement with an existing accredited investor (the "Investor") to exercise in full outstanding Common Stock Purchase Warrants (the "Exercise") to purchase up to an aggregate of 2,917,032 shares of the Company's common stock (the "Existing Warrant") for gross proceeds of $4,407,444. Immediately upon full exercise of the Existing Warrant, the Investor received a new unregistered Common Stock Purchase Warrant to purchase up to an aggregate of 2,917,032 shares of the Company's common stock (the "New Warrant"). The New Warrant was issued to the Investor for consideration of $ 0.125 per share for additional gross proceeds of $364,629. In addition, 102,097 warrants with an exercise price of $5.9375 were issued as part of a tail commission. Placement agent fees and other offering expenses in the amount of $209,796 were netted against the proceeds.

During the fiscal year ended August 31, 2024, the Company had warrant exercises resulting in the following share issuances:

1,622,250 common shares pursuant to the exercise of warrants that were issued under our May 11, 2023, financing, at an exercise price of $0.95 per share for gross proceeds of $1,541,137;

1,618,330 common shares pursuant to the exercise of warrants that were issued under our October 3, 2023, financing, at an exercise price of $0.97 per share for gross proceeds of $1,569,780;

729,058 common shares pursuant to the exercise of pre-funded warrants that were issued under our October 3, 2023, financing, at an exercise price of $0.0001 per share for gross proceeds of $73 dollars;

1,298,702 common shares pursuant to the exercise of warrants that were issued under our February 16, 2024, financing, at an exercise price of $2.185 per share for gross proceeds of $2,837,664; and

113,702 common shares pursuant to the exercise of pre-funded warrants that were issued under our February 16, 2024, financing, at an exercise price of $0.0001 per share for gross proceeds of $11 dollars.

During the year ended August 31, 2024, 300,000 warrants expired.

Presented below is a continuity schedule for warrants:

	Number of Warrants	Weighted Average Exercise Price $
Balance, August 31, 2022	**2,421,983**	**8.04**
Cancelled/expired	(7,500)	24.00
Issued	2,106,000	0.95
Balance, August 31, 2023	**4,520,483**	**4.71**
Issued	7,093,208	2.76
Expired	(300,000)	7.67
Exercised	(5,382,042)	1.11
Balance, August 31, 2024	**5,931,649**	**5.50**

Presented below is a summary of warrants outstanding as of August 31, 2024:

Number of Warrants	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life in Years
60,798	36.00	0.20-0.24
317,190	10.50	0.68-0.69
16,667	9.00	0.54
1,719,828	6.58	1.38
483,750	0.95	3.70
314,287	2.31	4.47
2,917,032	4.75	4.47
102,097	5.94	4.47
5,931,649	**5.50**	**3.25**

Fiscal 2023 Activity

During the year ended August 31, 2023, the Company completed the following issuances of common shares and warrants:

1. 34,652 shares were sold pursuant to an at-the-market offering ("ATM") for gross proceeds of $114,456. Offering costs netted against proceeds amounted to $125,122.

2 2,106,000 units were sold at a price of $0.95 per unit, with each unit consisting of one common share and one warrant exercisable to purchase an additional common share at $0.95 per share, for net proceeds of $1,600,397. The 2,106,000 warrants are exercisable for a period of five (5) years.

No warrants have been exercised and 7,500 warrants expired during the year ended August 31, 2023.

13. Stock Options

The Company established an Equity Incentive Plan whereby our Board, pursuant to shareholder approved amendments, may grant up to 1,037,544 stock options to directors, officers, employees, and consultants with such number being increased to up to 10% of the issued share capital at the end of each calendar year, at the discretion of the board, pursuant to an evergreen formula.

Stock options may be exercised for a maximum period of up to ten (10) years but to date all currently issued options must be exercised, as determined by our Board, by no later than five years from the date of grant. The exercise price of an option is equal to or greater than the closing market price of the Company's common shares on the day of or preceding the date of grant. Vesting terms are set by our Board. The estimated fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model.

Fiscal 2024 Activity

The Company granted the following stock options during the year ended August 31, 2024:

Grant Date	Granted Quantity	Exercise Price	Contractual Life (years)
10/26/2023	85,000	$ 1.15	5
3/15/2024	200,000	$ 2.93	5
4/26/2024	151,500	$ 2.36	5
7/26/2024	48,000	$ 3.39	5
7/26/2024	12,000	$ 3.39	2
8/31/2024	200,000	$ 3.92	5
	696,500	**$ 2.91**	**4.95**

Of the 200,000 options granted on March 15, 2024, 150,000 were subsequently cancelled and 50,000 were fully vested.

Fiscal 2023 Activity

The Company granted the following stock options during the year ended August 31, 2023:

Options	Weighted Average Exercise Price	Contractual Life (years)
41,200	$ 1.96	5
5,000	$ 2.73	5
3,400	$ 3.04	5
20,000	$ 0.87	5
69,600	**$ 1.75**	**(Avg. Contractual Life) 5**

During the year ended August 31, 2023, 267,969 previously granted options with exercise prices ranging from $9.60 to $4.80 were repriced to $3.00 following shareholder approval obtained at the Company's annual shareholder meeting held on May 9, 2023.

A continuity schedule for stock options is presented below:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Balance August 31, 2022	**424,836**	**6.45**		
Cancelled/expired	(47,500)	2.98		
Granted	69,600	1.75		
Balance August 31, 2023	**446,936**	**$ 3.32**	**3.25**	**$ 3,600**
Cancelled/expired	(196,000)	$ 2.94	4.27	
Exercised	(2,500)	$ 1.15	4.16	
Granted	696,500	$ 2.91	4.63	
Balance August 31, 2024 (Outstanding)	**944,936**	**3.11**	**3.64**	**971,959**
Balance August 31, 2024 (Exercisable)	**734,936**	**2.88**	**3.31**	**971,959**

The intrinsic value of stock option awards that vested during the fiscal year represents the value of the Company's closing stock price on the last trading day of the fiscal year in excess of the exercise price multiplied by the number of vested options.

The fair value of options awarded during the fiscal years ended August 31, 2024 and August 31, 2023 totaled $1,267,732 and $89,057, respectively.

The fair value of options granted was estimated as of the date of the grant by using the Black-Scholes option pricing model with the following assumptions:

	August 31, 2024	August 31, 2023
Expected Volatility	92%-98%	98%-119%
Risk Free interest rate	3.77%-5.03%	0.78%-3.30%
Expected life	2.5-4.0 years	5.0 years
Dividend Yield	0.00%	0.00%
Estimated fair value per option	$0.63-$2.57	$2.25-$5.10

Stock-based compensation expense for the fiscal years ended August 31, 2024 and August 31, 2023 totaled $492,236 and $170,382, respectively. Of the current fiscal year expense, $453,119 relates to current year option awards, and $39,117 relates to the vesting of options awarded in previous fiscal years.

As of August 31, 2024, unrecognized non-cash stock-based compensation expense totaled $533,619 related to 210,000 unvested stock options with a weighted average exercise price of $3.89. This expense is expected to be recognized over a weighted average period of 2.26 years.

14. Commitments, Significant Contracts and Contingencies

Right of Use Assets - Operating Lease

Corporate offices and R&D lab space is leased in Kelowna, British Columbia, Canada which lease was renewed during fiscal 2023 until November 15, 2028. In addition to minimum lease payments, the lease requires us to pay property taxes and operating costs which are subject to annual adjustments.

	August 31, 2024	August 31, 2023
	$	$
Right of use assets - operating leases	167,446	52,444
Remeasurement related to lease extension	-	156,566
Amortization	(32,603)	(41,564)
Total lease assets	134,843	167,446
Liabilities:	163,967	49,988
Remeasurement related to lease extension	-	156,566
Lease payments	(33,273)	(44,814)
Interest accretion	6,672	2,227
Total lease liabilities	137,366	163,967
Operating lease cost	134,843	167,446
Operating cash flows for lease	(33,273)	44,814
Remaining lease term	4.21 Years	5.17 Years
Discount rate	7.25%	7.25%

Pursuant to the terms of the Company's lease agreements in effect at August 31, 2024, the following table summarizes the Company's maturities of operating lease liabilities:

Fiscal Year	Amount
2024	$ -
2025	37,094
2026	37,345
2027	38,641
2028	38,901
2029	8,104
Thereafter	-
Total lease payments	160,085
Less: imputed interest	(22,719)
Present value of operating lease liabilities	137,366
Less: current obligations under leases	(28,047)
Total	**$ 109,319**

15. Segment Information

The Company's operations involve the development and usage, including licensing, of DehydraTECH. Lexaria is centrally managed and its chief operating decision makers, being the President and the CEO, use the consolidated and other financial information supplemented by revenue information by category of business-to-business product production and technology licensing to make operational decisions and to assess the performance of the Company. The Company has identified four reportable segments: Intellectual Property Licensing, B2B Production, Research and Development and Corporate. Licensing revenues are concentrated on three licensees.

Year Ended August 31, 2024	IP Licensing	B2B Product	R&D	Corporate	Consolidated Total
Revenue	$ 457,990	$ 5,388	$ 900	$ -	$ 464,278
Cost of goods sold		(4,822)			(4,822)
Operating expenses	(340)	(1,124)	(2,360,565)	(3,850,557)	(6,212,586)
Other income/(expense)				(55,524)	(55,524)
Segment loss	$ 457,650	$ (558)	$ (2,359,665)	$ (3,906,081)	$ (5,808,654)
Total assets	**$ 164,152**	**$ 63,131**	**$ 497,603**	**$ 8,142,903**	**$ 8,867,789**

Year Ended August 31, 2023	IP Licensing	B2B Product	R&D	Corporate	Consolidated Total
Revenue	$ 146,800	$ 44,167	$ 35,241	$ -	$ 226,208
Cost of goods sold	-	(31,500)	-	-	$ (31,500)
Operating expenses	(70,677)	(282,709)	(3,666,721)	(2,708,623)	$ (6,728,730)
Other income/(expense)		-	-	(178,503)	$ (178,503)
Segment loss	$ 76,123	$ (270,042)	$ (3,631,480)	$ (2,887,126)	$ (6,712,525)
Total assets	**$ 103,336**	**$ 65,573**	**$ 187,532**	**$ 2,729,545**	**$ 3,083,986**

16. Subsequent Events

Subsequent to the fiscal year end, the Company engaged Mr. Michael Shankman as its Chief Financial Officer to fill the vacancy created when Mr. Cabatuan resigned from this position on July 15, 2024. Pursuant to the Executive Management Agreement entered into between the Company and Mr. Shankman, Mr. Shankman will be compensated with a base annual salary of US$120,000, subject to annual increases of 1.25 x the annual inflation rate as determined by the US Federal Reserve Board, an option grant for the issuance of up to 50,000 common shares vested over three years, and annual performance milestone bonuses of up to 35% during the first year, 40% during the second year and thereafter up to 50% of the base salary. Should Mr. Shankman be terminated without cause, after an initial six months with the Company, he will be entitled to severance pay equal to two (2) months base salary, with such severance pay increasing by a month for each completed year of employment. Mr. Shankman will also be entitled to medical and dental benefits equal in value to up to $2,000 per month and four (4) weeks of paid vacation.

Subsequent to the fiscal year end, on September 4, 2024, we entered into an engagement agreement with H.C. Wainwright & Co. LLC ("HCW"), pursuant to which we agreed to sell in a registered direct offering, 1,633,987 shares of common stock at a purchase price of $3.06 per share for gross and net proceeds of $5.0 million and $4.5 million, respectively. Concurrently, the Company issued, by way of a private placement transaction, 4,551,019 share purchase warrants, entitling the holder thereof to purchase up to 4,551,019 shares of common stock at a price of $3.06 per share for a period of five years from the date of shareholder approval for such warrant issuance. The securities were issued on October 16, 2024, with the shares registered pursuant to a take down of the Company's Form S-3 registration statement and the warrants and related warrant shares are required to be registered pursuant to a Form S-1 registration statement As part of the terms and conditions of the warrant issuance, the sole investor agreed to cancel the share purchase warrants that were issued to them in the April 30, 2024 financing. We also issued HCW warrants to purchase up to 57,190 shares at an exercise price of $3.825 per share. HCW was paid 7% of the gross proceeds and was also reimbursed $70,000 for its expenses and $15,950 in closing fees.

On October 1, 2024, the Company awarded an option grant to an employee for the purchase of up to 12,000 common shares at an exercise price of $3.17 per share.

In October 2024, the Company sold 8,402 shares of common stock through an At the Market (ATM) offering. Net proceeds from these sales totaled $25,359.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Report on Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SECs rules and forms. This information is accumulated and communicated to our management, including our Chief Executive Officer (currently our acting Principal Executive Officer) and our Chief Financial Officer (currently our acting Principal Financial and Accounting Officer)to allow for timely decisions regarding required disclosure.

As of August 31, 2024, the end of our fiscal year covered by this report, we carried out an evaluation under the supervision and with the participation of our CEO and CFO of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, it was concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States. Management has assessed the effectiveness of our internal control over financial reporting as of August 31, 2024. In making this assessment, management used the criteria set forth in the report entitled "*Internal Control — Integrated Framework*" published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Management has concluded that as of August 31, 2024, our internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Our management reviewed the results of their assessment with our Board.

Inherent Limitations on Effectiveness of Controls

Internal control over financial reporting has inherent limitations which include but are not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. It is a process which involves human diligence and compliance and may be subject to lapses in judgment and breakdowns resulting from human failures. It can be circumvented by collusion or improper management override. Internal control over financial reporting may not prevent or detect misstatements on a timely basis. These inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, these risks. Systems determined to be effective can provide only reasonable assurances with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

The fundamental controls and control processes remained consistent with prior years during the year ended August 31, 2024. While the Company has experienced turnover with its CFO position during the past two fiscal years, these changes have not resulted in any changes in our internal controls over financial reporting that occurred during the year ended August 31, 2024, that have materially or are reasonably likely to materially affect our internal controls over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Arrangement

During the three months ended August 31, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

All directors of our Company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our Company are appointed by our Board and hold office until their death, resignation, or removal from office. Our directors and executive officers are as follows:

Name	Position Held with our Company	Age	Date First Elected Or Appointed
Christopher Bunka	Chairman , and Director	63	Oct. 26, 2006
Richard Christopher	Chief Executive Officer	54	Aug. 31, 2024
John Docherty	President and Director	54	Apr. 15, 2015 Apr. 29, 2016
Michael Shankman	Chief Financial Officer	64	Oct. 1, 2024
Nicholas Baxter	Director	70	Jul. 8, 2011
Ted McKechnie	Director	77	Sept. 16, 2015
Dr. Catherine C. Turkel	Director	64	Sept. 2, 2022
Al Reese, Jr.	Director	75	Jan 14, 2021

Business Experience

The following is a brief account of the business and education experience of each current director and executive officer during the past five years, indicating each person's principal occupation during the period.

Mr. Christopher Bunka – Chairman, former Chief Executive Officer and Director

Mr. Bunka has been Chairman of the Board since 2006. He is a former executive of the Company, having served as chief executive officer from 2006 to August 31, 2024. Mr. Bunka was primarily responsible for the corporate pivot from older business activities to bioscience and specifically to the Company's current research and development of DehydraTECH with GLP-1 and GIP drugs. Mr. Bunka is a serial entrepreneur and has been involved in several private and public companies since the late 1980's. He was well known for more than a decade as a part-time business commentator in print and radio, as well as an author. He has extensive experience in the capital markets, corporate governance, project acquisition and corporate finance. He is a named inventor on several of Lexaria's pending patents.

Since 1988, Mr. Bunka has been the CEO of CAB Financial Services Ltd., a private holding company located in Kelowna, BC, Canada. He is a venture capitalist and corporate consultant.

Mr. Richard Christopher – Chief Executive Officer

Mr. Christopher joined the Company as Chief Executive Officer on August 31, 2024. He has extensive experience with pharmaceutical and medical device companies. He was the Chief Financial Officer of Invivo Therapeutics Holdings Corp. ("InVivo") from 2019 to 2024. InVivo Therapeutics was a pioneering biomaterials and biotechnology company with a focus on the treatment of spinal cord injuries. Its goal was to develop and commercialize groundbreaking technologies and treatments for spinal cord injury (SCI). At the core of InVivo's technology portfolio was the Neuro-Spinal Scaffold™ a novel and proprietary biomaterial that is implanted into the epicenter of the injury to modulate the healing environment and serve as a support for neuroregeneration. As the Neuro-Spinal Scaffold failed to advance through clinical trials, InVivo delisted from the Nasdaq Stock Market around March 20, 2024.

Mr. Christopher was the Chief Financial Officer of iCAD, Inc. from December 2016 through January 2019. iCAD, Inc. is a Nasdaq-listed company with a focus on therapies and solutions for the early identification and treatment of cancer, where he held both financial and operational responsibilities. Prior to iCAD, Inc., Mr. Christopher was Chief Financial Officer from March 2014 through December 2016 and Chief Operating Officer from October 2015 through December 2016 of Caliber Imaging & Diagnostics, Inc., a medical technology company focused on cancer detection imaging solutions, with primary applications in dermatology. Prior to Caliber and starting in 2000, Mr. Christopher held various positions of increasing responsibility at DUSA Pharmaceuticals, Inc., a Nasdaq-listed dermatology company focused on the treatment of precancerous skin lesions, where he ultimately served as Chief Financial Officer from January 2005 through its acquisition and integration into Sun Pharmaceuticals Industries Ltd in April 2013.

Mr. Christopher holds a Master of Science in Accounting from Suffolk University and a Bachelor of Science in Finance from Bentley University.

Mr. John Docherty – President and Director

Mr. Docherty has served as the Company's President of Lexaria since April 15, 2015 and a director since April 29, 2016. Prior to Lexaria Mr. Docherty was former President and Chief Operating Officer of Helix BioPharma Corp. (TSX: HBP), where he led the company's pharmaceutical development programs for its plant and recombinantly derived therapeutic protein product candidates.

Mr. Docherty is a senior operations and management executive with over 20 years' experience in the pharmaceutical and biopharmaceutical sectors. He has worked with large multinational companies and emerging, private and publicly held start-ups. At Helix, Mr. Docherty was instrumental in the areas of investor/stakeholder relations, capital raising, capital markets development, strategic partnering, regulatory authority interactions and media relations. He also served as a management member of its board of directors. Previously, Mr. Docherty was President and a board member of PharmaDerm Laboratories Ltd., a Canadian drug delivery company that developed unique microencapsulation formulation technologies for use with a range of active compounds.

Mr. Docherty also held positions with companies such as Astra Pharma Inc., Nu-Pharm Inc. and PricewaterhouseCoopers' former global pharmaceutical industry consulting practice. He is a named inventor on issued and pending patents and he has a M.Sc. in pharmacology and a B.Sc. in Toxicology from the University of Toronto. He has served as a director of Lexaria since April 29, 2016.

Mr. Michael Shankman –Chief Financial Officer

Mr. Shankman joined the Company as Chief Financial Officer on October 1, 2024. Mr. Shankman was previously engaged by the Company as an outsourced CFO via NowCFO from June 2023 to February 2024. He is a Certified Public Accountant holding an MBA, Finance from California State University who previously worked with NOW CFO from 2021 to 2024. During his time with NOW CFO, Mr. Shankman provided outsourced CFO and Controller services gaining extensive experience and familiarity with both public and private companies in a wide variety of industry fields. Prior to his engagement with NOW CFO, Mr. Shankman worked for The Arcticom Group, being a $160M provider of refrigeration and HVAC design, installation, maintenance and repair services to national grocery chains, as its Corporate Controller from 2020-2021. And from 2019 to 2020 Mr. Shankman was the Controller for Change.Org a $35M public benefit corporation.

Mr. Nicholas Baxter - Director

Mr. Baxter has served as a member of the Company's board of directors since 2009. Mr. Baxter received a Bachelor of Science (Honours) from the University of Liverpool in 1975 and has worked on oil & gas projects in many areas of the world. Since the 1980's, he has worked with companies in the public markets both in the U.K. and in Canada. Mr. Baxter brings extensive real-world experience as a board member.

Mr. Ted McKechnie – Director

Mr. McKechnie has served as a member of the Company's board of directors since September 2016. He is a well-recognized thought leader in the Canadian food industry. In the past, Mr. McKechnie was president of Maple Leaf Foods, an owner and senior executive at Humpty Dumpty Snack Foods and a senior leader at Pepsi Co. After a distinguished career as an executive and marketer specializing in food manufacturing, he now focuses on moving the Canadian food sector into the future. Aside from being the chairman of Food Starter's board, Mr. McKechnie is also the Chairman/CEO of The Davies Group and William Davies Consulting Inc. He is also a chairman of the board for Advanced Technology For Food Manufacturing, and serves on the Board Of Governors for St Jerome's University. Mr. McKechnie was awarded Philip Morris Chairman's Award for "recognition of extraordinary contributions having a significant and lasting impact on the Corporation".

Mr. Al Reese Jr. - Director

Mr. Reese has served as a member of the Company's board of directors since January 2021. He has over 50 years' experience in public and private businesses including as CFO of a formerly Nasdaq-listed energy company where he arranged finance transactions totalling over $10 billion dollars during his 20-year tenure. Mr. Reese was a Director and Chairman of the Audit Committee of a community bank in Texas for ten years until such time as it was acquired by a larger banking group in 2018. He currently serves as an Independent Director and Chairman of the Audit Committee for a privately held insurance company headquartered in The Woodlands, Texas. He has directed over 50 acquisitions and financings from as small as a few hundred thousand dollars to multibillion dollar transactions in both the domestic and international arenas. Mr. Reese is also President and Chairman of a family charitable 501(c)-3 foundation and Interim Chairman of a charitable 501(c)-3 entity that focus on Bible literacy.

Mr. Reese is a Certified Public Accountant (1974) and received his Bachelor of Business Administration degree from Texas A&M University in 1971, and his MBA from University of Houston in 1977. He has extensive experience at a senior level in financial services, finance transactions, investor relations, and more.

Dr. Catherine C. Turkel – Director

Dr. Turkel, PharmD, PhD has served as a member of the Company's board of directors since September 2022. She has more than 20 years' experience as an executive in start-up and mid-size pharma/biotech companies. She was Founder and CEO of Nezee Therapeutics, and served as President and R&D head at Novus Therapeutics (renamed Eledon Pharmaceuticals – Nasdaq: ELDN). She currently acts as an independent Board Director at Object Pharma (private) and Prostate Cancer Research (nonprofit; member of the Translational Scientific Advisory Committee) and is a Dean Advisor at Chapman University School of Pharmacy.

Dr. Turkel has formulated registration & commercial strategic plans and has led global development programs for pharmaceutical and biologic treatments from phase 1 through phase 4 related to Neurosciences, Pain, Cardiovascular, Psychiatry, Rare Diseases, Ophthalmology, Aesthetics, Urology and Otology therapeutic areas. Dr. Turkel designed and led Allergan's (now AbbVie -NYSE: ABBV) pioneering BOTOX® Chronic Migraine registration program, generating revenue of more than a billion dollars.

Family Relationships

There are no family relationships among any of our officers or directors.

Involvement in Certain Legal Proceedings

None of our directors, executive officers, promoters, or control persons has been involved in any of the following events during the past five years:

1) A petition under the Federal bankruptcy laws or any state insolvency law was filed by or against, or a receiver, fiscal agent or similar officer was appointed by a court for the business or property of such person, or any partnership in which he was a general partner at or within two years before the time of such filing, or any corporation or business association of which he was an executive officer at or within two years before the time of such filing.

2) A conviction in a criminal proceeding or is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses).

3) The subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting, the following activities:

   i. Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the Commodity Futures Trading Commission, or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity, or

   ii. Engaging in any type of business practice; or

   iii. Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws.

4) The subject of any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any Federal or State authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described in paragraph (f)(3)(i) of this section, or to be associated with persons engaged in any such activity.

5) Found by a court of competent jurisdiction in a civil action or by the SEC to have violated any Federal or State securities law, and the judgment in such civil action or finding by the SEC has not been subsequently reversed, suspended, or vacated.

6) Found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended, or vacated.

7) The subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended, or vacated, relating to an alleged violation of:

   i. Any Federal or State securities or commodities law or regulation; or

   ii. Any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or

   iii. Any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity.

8) The subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors and persons who own more than 10% of our common stock to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of our common stock and other equity securities, on Forms 3, 4 and 5 respectively. Executive officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) reports that they file.

During the fiscal year ended August 31, 2024, the Form 4 filings for stock options issued to the following insiders,: Albert Reese Jr., William Edward McKechnie, Nicholas Baxter, Dr. Catherine C. Turkel, John Docherty and Christopher Bunka, on April 26, 2024 were completed after the required two day business time period. Other than that one instance of late filing, and based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that all other filings applicable to our officers, directors, and beneficial owners of greater than 10% percent were complied with within the required time frames.

Code of Ethics

We adopted a Code of Ethics applicable to our senior financial officers and certain other finance executives, which is a "code of ethics" as defined by applicable rules of the SEC. Our Code of Ethics is attached as an exhibit to our Form SB-2 filed on September 20, 2007. If we make any amendments to our Code of Ethics other than technical, administrative, or other non-substantive amendments, or grant any waivers, including implicit waivers, from a provision of our Code of Ethics to our Chief Executive Officer, Chief Financial Officer, or certain other finance executives, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies in a Current Report on Form 8-K filed with the SEC.

Board and Committee Meetings

Our Board held ten formal meetings and several informal meetings during the year ended August 31, 2024. All proceedings of the board of directors taken at a formal meeting were evidenced by way of minutes taken at such meetings. All other matters approved by our Board outside of any formal meeting were evidenced by resolutions consented to by all the directors. Such resolutions consented to in writing by the directors entitled to vote on that resolution at a meeting of the directors are, according to the Nevada General Corporate Law and our Bylaws, as valid and effective as if they had been passed at a meeting of the directors duly called and held.

Nomination Process

As of August 31, 2024, the Company had an active Governance and Nominating Committee. If stakeholders wish to recommend candidates for our Board, they may do so by sending communications to the Governance and Nominating Committee at the address on the cover of this annual report.

Audit and Finance Committee and Audit Committee Financial Expert

The audit and finance committee are governed by the audit and finance committee charter as adopted on December 8, 2020. The committee is composed of Mr. Al Reese, Jr., Mr. Ted McKechnie, and Mr. Nicholas Baxter and the members held four formal meetings during the year ended August 31, 2024. Mr. Reese, a CPA, qualifies as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K, and is "independent" as the term is used in Item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended. A copy of the Audit & Finance Committee charter can be downloaded from the Company's website under our Investors/Governance/Governance Documents tab.

Our management is responsible for preparing our financial statements and our independent registered public accounting firm is responsible for auditing those financial statements. Our audit and finance committee consults with management and our independent registered public accounting firm and may initiate inquiries into various aspects of our financial affairs. They are responsible for retaining, evaluating and for the engagement of our independent registered public accounting firm and for the approval of professional services provided by them. However, it is not the duty of our audit and finance committee to determine that our financial statements are complete and accurate and in accordance with generally accepted accounting principles.

Compensation Committee

Our Compensation Committee was created on July 2, 2020, the members of which are Mr. Baxter, Dr. Turkel and Mr. McKechnie, with all directors being "independent" pursuant to Nasdaq independence standards. The Compensation Committee operates under a written charter and its purpose is to review, consider, research, and recommend compensation for the Company's executive management, taking into consideration milestones achieved, the compensation issued by companies of similar size and the overall financial health of the Company. The committee is also responsible for reviewing and approving employment and benefits agreements and any executive compensation information incorporated into the Company's periodic reports. The Compensation Committee held six formal meetings during the fiscal year. A copy of the compensation committee charter can be downloaded from the Company's website under our Investors/Governance/Governance Documents tab.

Governance and Nominating Committee

The Governance and Nominating Committee operate pursuant to a charter created on December 8, 2020. The current members of the committee are Mr. Reese Jr. and Dr. Turkel, both being independent directors of the Company. The committee's purpose is to assist our Board in fulfilling its responsibilities by: (i) being satisfied that corporate governance guidelines are adopted, applied and disclosed including director qualification standards, responsibilities and access to management and independent advisors, director compensation, orientation and continuing education, and annual performance evaluation of the board; (ii) identifying individuals qualified to become new board members and recommending to the board the nominees for each annual meeting of shareholders of the Corporation; and (iii) such other matters delegated to the committee by the board. The Governance and Nominating Committee held four formal meetings during the fiscal year. A copy of the Governance & Nominating Committee charter can be downloaded from the Company's website under our Investors/Governance/Governance Documents tab.

Our Board plays a critical role in guiding the strategic direction and overseeing the management of our business. We seek to attract and retain highly qualified directors who have sufficient time to engage in the activities of our Board and to understand and enhance their knowledge of our industry and business plans. In evaluating the suitability of individual candidates, the Governance and Nominating Committee and our Board may take into account many factors, including: relevant education, experience and expertise; knowledge of the Company and the issues it faces; whether the candidate will strengthen the board and remedy any perceived deficiencies in the specific criteria; moral and ethical character; diversity of expertise and experience in substantive matters pertaining to our business relative to other board members; diversity of background and perspective, including, but not limited to, with respect to age, gender, race, place of residence and specialized experience; and any other relevant qualifications, attributes or skills. The core competencies of directors should address accounting or finance experience, market familiarity, business or management experience, industry knowledge, customer-base experience or perspective, crisis response, leadership, and/or strategic planning.

Our Board and Governance and Nominating Committee evaluate each individual in the context of the board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment using its diversity of experience in these various areas.

Insider Trading Arrangements and Policies

The Company has adopted an insider trading policy governing the purchase, sale, and/or other disposition of its securities by its directors, officers, employees and independent contractors that the Company believes is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the exchange listing standards applicable to the Company.

Directors, executive officers, employees and other related persons may not buy, sell or engage in other transactions in the Company's shares while aware of material non-public information; buy or sell securities of other companies while aware of material non-public information about those companies that they became aware of as a result of business dealings between the Company and those companies; or disclose material non-public information to any unauthorized persons outside of the Company. The policy also restricts trading and other transactions for a limited group of Company employees (including executives and directors) to defined window periods that follow the Company's quarterly earnings releases and restricts trading and other transactions following announcement of a share repurchase program.

Item 11. Executive Compensation

The particulars of the compensation paid to the following persons:

(a) our principal executive officer;

(b) each of our two most highly compensated executive officers who were serving as executive officers during the last completed year ended August 31, 2024 and August 31, 2023;

(c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at the end of the years ended August 31, 2024, and August 31, 2023,

collectively referred to as the named executive officers of our Company, are set out in the following summary compensation table. There is no disclosure provided for any named executive officer, other than our principal executive officers, whose total compensation did not exceed $100,000 for the respective fiscal year:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary $	Bonus $	Stock Awards $	Option Awards[6] $	Non-Equity Incentive Plan Compensation $	Non-Qualified Deferred Compensation Earnings $	All Other Compensation $	Total $
Christopher Bunka [1]	**2024**	**-**	**27,246**	**-**	**85,074**	**-**	**-**	**772,524**	**884,844**
Chairman, Director & former Chief Executive Officer	2023	-	10,487	-	-	-	-	280,706	291,193
Richard Christopher [2]	**2024**	**-**	**-**	**-**	**514,317**	**-**	**-**	**5,000**	**519,317**
Chief Executive Officer	2023	-	-	-	-	-	-	-	-
John Docherty [3]	**2024**	**273,397**	**55,944**	**-**	**85,074**	**-**	**-**	**-**	**414,415**
President & Director	2023	257,399	33,066	-	-	-	-	-	290,465
Nelson Cabatuan [4]	**2024**	**71,280**	**-**	**-**	**403,298**	**-**	**-**	**-**	**474,578**
Former Chief Financial Officer	2023	-	-	-	-	-	-	-	-
Greg Downey [5]	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Former Chief Financial Officer	2023	172,889	11,022	-	-	-	-	-	183,911

(1) Mr. Bunka was appointed as Chairman, President, Chief Executive Officer, and director on October 26, 2006. We pay Mr. Bunka a consulting fee through CAB Financial Services Ltd., through which he was previously compensated for Chief Executive Officer services. On August 31, 2024, Mr. Bunka resigned as Chief Executive Officer of the Company and currently serves as the Company's Chairman of the Board.
(2) Mr. Richard Christopher was appointed as Chief Executive Officer on August 31, 2024. Mr. Christopher was paid $5,000 for consulting for the month of July 2024. We pay Mr. Christopher as an employee.
(3) Mr. Docherty became President on April 15, 2015, and a director on April 29, 2016. We pay Mr. Docherty as an employee.
(4) Mr. Cabatuan was Chief Financial Officer from March 14, 2024 to July 15, 2024 and was considered an employee of the Company. Subsequent to his resignation 150,000 options were cancelled with a value of $302,474.
(5) Mr. Downey was Chief Financial Officer from April 15, 2021 to June 6, 2023 and was considered an employee of the Company.
(6) The fair value of the stock options awarded was estimated using the Black-Scholes option pricing model.

Consulting and Employment Agreements

Other than as set out in this annual report on Form 10-K we have not entered into any employment or consulting agreements with any of our current officers or directors.

Mr. Chris Bunka, Former CEO

The Company secured a 3-year term renewable management contract with Mr. Bunka effective January 1, 2022, with a base compensation of C$29,706 per month with an annual increase of 1.25 times the annual Canadian inflation rate. A performance bonus of up to 50% of 12 times the monthly fee may be payable upon the completion of certain performance criteria as determined by our Board. Participation in the Company's stock option plan is also included.

The contract entitles Mr. Bunka to compensation of 2% of the consideration of the total value of any subsidiary sold and upon a change of control is entitled to 26 times the monthly fee, excluding certain circumstances. The termination clause requires 15 months written notice plus one additional months' written notice for each completed year of service for terminating the contract without cause. Payment may be made in lieu of and if so, the Company would be liable for a termination payment of 15 times the monthly fee plus one additional month's payment for each completed year of service of up to a maximum payment of 24 times the monthly fee.

On August 31, 2024 the management contract with Mr. Bunka was terminated by the Company in order to proceed with the engagement of the new CEO, Mr. Richard Christopher. Pursuant to the terms of his contract and a review conducted by the Compensation Committee, Mr. Bunka received a severance payment of US$442,167, and upon completion of the calendar year will also receive his pro rata portion of his performance milestone bonus. Mr. Bunka and the Company have agreed to enter into a consulting agreement whereby Mr. Bunka will provide Strategic Executive Advising services and accordingly, all stock options previously issued to Mr. Bunka will remain valid and exercisable. Mr. Bunka will continue as a director of the Company and as the Chairman of the board and will be compensated for his services as such in the same manner as the independent board members.

Mr. Richard Christopher, CEO

The Company entered into an at-will executive employment agreement with Mr. Richard Christopher for the provision of Chief Executive Officer services for US$420,000 per year, effective August 31, 2024, with an annual increase of 5% on January 1, 2025 and January 1, 2026 and thereafter at the sole discretion of the Company and in accordance with the Company's standard payroll practices. A performance bonus equal to 50% of the annual compensation may be payable upon the completion of certain performance criteria as determined by our Board. Participation in the Company's stock option plan is also included with an initial option issuance for the purchase of 200,000 common shares with an exercise price of $3.92, being granted for a five year term with vesting periods ending in December 2026. An annual professional development allowance of US$40,000 is also available to Mr. Christopher.

Upon the occurrence of a change of control ("COC"), Mr. Christopher will be entitled to a lump payment of 12 months' pay if such COC occurs within the first year of engagement, 13 months' pay if such COC occurs within the second year of engagement and 14 months' pay if such COC occurs within the third or subsequent year of engagement. The agreement specifies that should Mr. Christopher's engagement be terminated without just cause by the Company or for good reason by Mr. Christopher, the Company would pay Mr. Christopher any accrued wages, payable bonus and one month of salary for each one month engaged up to a maximum of 12 months' pay.

Mr. John Docherty, President

The Company entered into a 3-year term renewable executive employment agreement with Mr. John Docherty for a management contract for C$310,001 per year, effective January 1, 2022, with an annual increase of 1.25 times the annual Canadian inflation rate. A performance bonus equal to 50% of the annual compensation may be payable upon the completion of certain performance criteria as determined by our Board. Participation in the Company's stock option plan is also included. An annual professional development allowance of C$15,000 is also available to Mr. Docherty.

The contract for the services includes entitlement to compensation of 2% of the consideration received by the Company from the sale of any subsidiary, excluding certain circumstances. Upon the occurrence of a change of control, Mr. Docherty will be entitled to a lump payment of 21 months' pay subject to certain exemptions. The contract specifies that 60 days written notice for termination by Mr. Docherty and termination without cause by the Company would result in 12 months' pay in lieu of notice plus one additional month's written notice or payment in lieu, for each completed year of service up to a maximum payment of 24 months.

Mr. Nelson Cabatuan, Former CFO

The Company entered into an employment agreement with Mr. Cabatuan with a base annual salary of US$198,000, subject to annual increases of US$12,000 for the first and second anniversary of employment with any subsequent increase being subject to negotiation, an option grant for the issuance of up to 200,000 common shares vested over three years, and annual performance milestone bonuses of up to 35% during the first year, 40% during the second year and thereafter up to 50% of the base salary. In addition, Mr. Cabatuan's employment agreement provides that upon the sale of an affiliate company, he will receive compensation on the gross sale value equal to 0.5% if the sale occurs in the first year of employment, 0.75% if the sale occurs in the second year of employment and 1.0% if the sale occurs thereafter. As well, upon a change of control of Lexaria Bioscience Corp., Mr. Cabatuan will be entitled to twelve months' of base salary if it occurs in the first year, thirteen months' of base salary if it occurs in the second year and fourteen months' of base salary if it occurs in the third year or any subsequent year thereafter. As Mr. Cabatuan resigned from his position, his unvested options (150,000) were returned to the Company's Equity Incentive Plan and he was only entitled to accrued wages. As Mr. Cabatuan has continued with the Company as its Strategic Investment Advisor his vested options (50,000) remain valid and active.

Mr. Michael Shankman, Current CFO

The Company entered into an employment agreement with Mr. Shankman with a base annual salary of US$120,000, subject to annual increases of 1.25 x the annual inflation rate as determined by the US Federal Reserve Board, an option grant for the issuance of up to 50,000 common shares subject to vesting provisions ending August 31, 2026, and annual performance milestone bonuses of up to 35% during the first year, 40% during the second year and thereafter up to 50% of the base salary. Should Mr. Shankman be terminated without cause, after an initial six months with the Company, he will be entitled to severance pay equal to two (2) months base salary, with such severance pay increasing by a month for each completed year of employment. Mr. Shankman will also be entitled to medical and dental benefits equal in value to up to $2,000 per month until his 65th birthday and four (4) weeks of paid vacation.

Grants of Plan-Based Awards Table

During the year ended August 31, 2024, Lexaria issued the following plan-based awards to our named executive officers:

Compensation Securities							
Executive Officer	**Type of compensation security**	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price $**	**Closing price of security or underlying security on date of grant $**	**Closing price of security or underlying security at year end $**	**Expiry date**
Chris Bunka, Former CEO	Stock Options	30,000 49,500	10/26/2023 04/26/2024	1.15 2.36	1.12 2.35	3.91 3.91	10/26/2028 04/26/2029
John Docherty, President	Stock Options	30,000 49,500	10/26/2023 04/26/2024	1.15 2.36	1.12 2.35	3.91 3.91	10/26/2028 04/26/2029
Nelson Cabatuan, Former CFO	Stock Options	200,000(1)	03/02/2024	2.93	2.92	3.91	03/15/2029

(1) Upon resignation, 150,000 vested options with a fair value of $302,474 expired and were returned to the Incentive Equity Plan. The remaining 50,000 options had their term reduced so that they expire on July 15, 2026, being two years from the date that Mr. Cabatuan resigned as CFO and commenced consulting services.

Outstanding Equity Awards at Fiscal Year End

The particulars of unexercised options, stock that has not vested and equity incentive plan awards for our named executive officers are set out in the following table:

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END									
	OPTION AWARDS					STOCK AWARDS			
Executive Officer	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price$	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested $	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (#)
Christopher Bunka	26,000	-	-	$3.00	04/23/2026	-	-	-	-
	23,334	-	-	$3.00	06/08/2026	-	-	-	-
	15,000	-	-	$3.00	09/01/2026	-	-	-	-
	30,000	-	-	$2.91	08/29/2027	-	-	-	-
	30,000	-	-	$1.15	10/26/2028	-	-	-	-
	49,500	-	-	$2.36	04/26/2029	-	-	-	-
John Docherty	13,334	-	-	$3.00	04/23/2025	-	-	-	-
	18,000	-	-	$3.00	04/23/2026	-	-	-	-
	18,334	-	-	$3.00	06/08/2026	-	-	-	-
	15,000	-	-	$3.00	09/01/2026	-	-	-	-
	30,000	-	-	$2.91	08/29/2027	-	-	-	-
	30,000	-	-	$1.15	10/26/2028	-	-	-	-
	49,500	-	-	$2.36	04/26/2029	-	-	-	-
Richard Christopher	200,000	200,000	-	3.92	08/31/2029	-	-	-	-

Option Exercises

No options were exercised by any named executive officer during the year ended August 31, 2024.

Compensation of Directors

As of the fiscal year ending August 31, 2024, four of our directors are compensated for their services. In their capacity as independent directors each receives $30,000 per year paid quarterly in advance. Directors are also paid nominal amounts for their services on the Audit and Finance, Compensation, and the Governance and Nominating Committees and for acting as chair of such committees.

The four independent directors were granted an aggregate of 68,000 stock options with a calculated fair value of $119,311 and is included in consulting expense during the fiscal year 2024.

In establishing the compensation of the directors, the Company engaged a third party consultant to conduct a peer company review of the compensation issued to companies of similar size, industry and stage of development. Upon completion of the review, it was determined that the current options issued to the independent directors was below the industry standard and accordingly, an allotment of 12,000 options was issued to each independent director to rectify this gap.

Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit-sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of our Board or a committee thereof.

Indebtedness of Directors, Senior Officers, Executive Officers, and Other Management

None of our directors or executive officers or any associate or affiliate of our company during the last two fiscal years is or has been indebted to our Company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is, or was during fiscal 2024, an officer or employee of the Company or any of its subsidiaries or was formerly an officer of the Company or any of its subsidiaries. No member of the Compensation Committee is, or was during fiscal 2024, an executive officer of another company whose board of directors has a comparable committee on which one of the Company's executive officers serves.

Board Diversity

The Company and its management are highly supportive of the recent initiatives taken by the Securities and Exchange Commission and the Nasdaq Group to encourage diversity within the board of directors of reporting companies. Lexaria's Governance and Nominating Committee has been compiling a board skill gap matrix and developing a board succession plan for the purpose of formalizing the preferred board composition and areas of expertise that would provide additional benefits to the Company and its shareholders.

During fiscal 2023, the board appointed Dr. Catherine C. Turkel as an additional independent director. This appointment aligns with the Company's transition towards pharmaceutical applications and desire to build on its scientific expertise in this industry sector. In addition, Dr. Turkel's appointment enriches the board with her diverse perspective and results in the Company being in compliance with Nasdaq's board diversity rules.

Compensation Committee Report

Our Compensation Committee has reviewed and discussed the Executive Compensation for the year ended August 31, 2024, with management. Based on the reviews and discussions our Compensation Committee recommended to our Board that the Executive Compensation discussed above be included in this annual report on Form 10-K.

Actions to Recover Erroneously Awarded Compensation

At no time during the last fiscal year was the Company required to prepare an accounting restatement that required recovery of an erroneously awarded compensation pursuant to our Clawback Policy as attached as Exhibit 97.1 to this Form 10-K.

Policies and Practices related to the Grant of Certain Equity Awards Close in Time to the Release of Material Nonpublic Information ("MNPI")

The Company has a strict policy of not issuing options or allowing its insiders to conduct stock trades at times, subject to any allowable trades that might occur pursuant to a 10b5-1 Trading Plan, where MNPI is known or a material transaction is anticipated to occur. Each insider and employee of the Company is required to read and sign the Company's Insider Trading and Black Out Period Policy as attached hereto as Exhibit 19.1, which prescribes certain set periods that prohibit insider trading. Other than as established for black-out periods associated with our quarterly and annual financial statement filings, our executive management will also issue notices of black-out trading periods if they are aware of material transactions which they anticipate closing.

Despite diligent efforts to prevent such grant of equity awards close in time to the release of MNPI, there are times when a material transaction may unexpectedly close with a faster timeline than expected which may result in an inadvertent issuance of stock options near or close to the disclosure of MNPI.

During the fiscal year ended August 31, 2024, the Company proceeded with its annual issuance on April 26, 2024 of 5,000 stock options to each of its independent directors as required pursuant to the director services agreement and certain additional stock option issuances to its employees and executive officers. Two business days later, on April 30, 2024 an existing investor agreed to the terms of a warrant exercise agreement as announced via Form 8-K on April 30, 2024. The named executive officers who received a grant pursuant to this close in time issuance are as follows:

Name	Grant date	# of options	Exercise price	Fair Value on Grant Date	% change of Market Price
Chris Bunka	04-26-2024	49,500	$ 2.36	$ 2.35	142%
John Docherty	04-26-2024	49,500	$ 2.36	$ 2.35	142%

None of the options that were inadvertently issued close in time to the MNPI have been exercised and from the time of disclosure of the MNPI to the fiscal year end, the Company's stock has seen a low of $2.58 and a high of $4.09.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information with respect to the beneficial ownership of our common shares by each shareholder known by us to be the beneficial owner of more than 5% of our common shares, as well as by each of our directors and executive officers as a group, as of November 22, 2024. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

Name, Address & Position of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class[1]
Directors and Executive Officers as a Group	1,137,907	6.33%
Executive Officers and Directors Individually		
Christopher Bunka Chairman & Director	708,456[2]	4.02%
John Docherty President and Director	228,243[3]	1.29%
Nicholas Baxter* Independent Director	63,000[4]	*%
Ted McKechnie* Independent Director	65,191[5]	*%
Albert Reese Jr.* Independent Director	42,917[6]	*%
Catherine C. Turkel* Independent Director	30,100[7]	*%
Richard Christopher Chief Executive Officer	0[8]	*%
Michael Shankman Chief Financial Officer	0[8]	*%
5% Owners		
Armistice Capital, LLC	5,811,019(9)	26.4%

** denotes a holding of less than 1%*

Notes:

(1) Percentage of ownership is based on 17,970,263 common shares issued and outstanding as of November 22, 2024 on a diluted basis. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed above, based on information furnished by such owners, have sole investment and voting power with respect to such common shares.

(2) Includes 254,412 shares held in the name of C.A.B. Financial Services and 273,543 shares held directly by Christopher Bunka. Includes 94,334 options held in the name of Christopher Bunka of which 64,334 are exercisable at $3.00 and 30,000 are exercisable at $2.91, 30,000 options exercisable at $1.15, 49,500 options exercisable at $2.36 and 6,667 warrants held in the name of C.A.B. Financial Services all of which are exercisable at $10.50.

(3) Includes 54,075 shares held in the name of Docherty Management Ltd. and 64,668 options exercisable at $3.00 and 30,000 options exercisable at $2.91, 30,000 options exercisable at $1.15 and 49,500 options exercisable at $2.36 held in the name of John Docherty.

(4) Includes 3,400 options exercisable at $3.39, 8,400 options exercisable at $3.00, 18,200 options exercisable at $1.96, 5,000 options exercisable at $0.87, 5,000 options exercisable at $2.36 and 12,000 options exercisable at $3.39.

(5) Includes 3,400 options exercisable at $3.39, 8,400 options exercisable at $3.00, 18,200 options exercisable at $1.96 and 5,000 options exercisable at $0.87, 5,000 options exercisable at $2.36 and 12,000 options exercisable at $3.39.

(6) Includes 3,400 options exercisable at $3.39, 3,400 options exercisable at $3.00, 3,200 options exercisable at $1.96 and 5,000 options exercisable at $0.87, 5,000 options exercisable at $2.36 and 12,000 options exercisable at $3.39.

(7) Includes 3,400 options exercisable at $3.04, 1,600 options exercisable at $1.96 and 5,000 options exercisable at $0.87, 5,000 options exercisable at $2.36 and 12,000 options exercisable at $3.39.

(8) Under Rule 13d-3, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. The options held by Messrs. Christopher and Shankman are not exercisable within 60 days of the date of that this information is provided.

(9) Consists of 4,551,019 warrants which contain certain beneficial ownership limitations, which provide that a holder of the securities will not have the right to exercise any portion of its Common Warrants if such holder, together with its affiliates and attribution parties, would beneficially own in excess of 4.99% or 9.99%.

Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the number of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the table above does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of common stock actually outstanding on August 31, 2024. As of November 25, 2024, there were 17,452,594 shares of our common stock issued and outstanding.

Equity Compensation Plan Information

We have no long-term incentive plans other than the equity incentive plan described below.

Equity Incentive Plan

Securities authorized for issuance under equity compensation plans

Plan Category	Number of securities to be based upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plan [excluding securities reflected in column (a)]
	(a)	(b)	(c)
Equity compensation plans not approved by shareholders	Nil	Nil	Nil
Equity compensation plans approved by shareholders	944,936	$ 3.11	90,108
Total	**944,936**	$ 3.11	**90,108**

All future option issuances shall be made under the Equity Incentive Plan. Our Board may amend, suspend, or terminate this Plan or any portion thereof subject to the approval of any requisite regulatory authority. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

On May 9, 2023, the Company's shareholders approved two proposals to amend the Equity Incentive Plan. The approval of the first proposal authorized the Board to amend the Equity Incentive Plan by increasing the maximum number of shares issuable to 10% of the issued share capital as at May 31, 2023 and the second proposal authorized the Board to amend the Equity Incentive Plan to allow for an evergreen formula whereby on January 1 of each calendar year the number of shares issuable pursuant to the Equity Incentive Plan may be increased, at the discretion of the Board, to 10% of the issued share capital as at December 31 of the preceding year.

Convertible Securities

Pursuant to our Equity Incentive Plan, during the year ended August 31, 2024, we granted stock options to directors, officers, employees, and consultants that enable the option holders to purchase 696,500 common shares of the Company. Options were granted at prices of: 85,000 at $1.15 (of which 2,500 were exercised), 200,000 at $2.93 (of which 150,000 were returned), 151,500 at $2.36, 60,000 at $3.39 and 200,000 at $3.92 and have exercise periods ranging from two to five year terms. The 744,936 options that were granted and exercisable as at August 31, 2024 had a fair value of $471,086 using the Black Scholes valuation method and the non-cash expense was included in wages and salaries on the Company's Consolidated Statements of Operations and Comprehensive Loss.

Changes in Control

We are unaware of any contract or other arrangement which may at a subsequent date result in a change in control of our Company.

Item 13. Certain Relationships and Related Transactions, and Director Independence

No director, executive officer, shareholder holding at least 5% of shares of our common stock, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction since the beginning of our fiscal year ended August 31, 2024, in which the amount involved in the transaction exceeded or exceeds the lesser of $120,000 or one percent of the average of our total assets at the year end for the last three completed fiscal years.

Director Independence

Lexaria directors are Mr. Christopher Bunka, Mr. John Docherty, Mr. Nicholas Baxter, Mr. Ted McKechnie, Mr. Al Reese Jr. and Dr. Catherine Turkel. We have determined that Messrs. Baxter, McKechnie and Reese and Dr. Turkel are "independent directors" as defined in Nasdaq Marketplace Rule 4200(a)(15).

Our audit and finance committee consists of our Messrs. Baxter, McKechnie, and Reese, the latter qualifying as an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K.

From inception to present date, we believe that the members of our audit committee and our Board have been and are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting.

Our Compensation Committee consists of the following independent directors: Messrs. McKechnie and Baxter and Dr. Turkel. During fiscal year ended August 31, 2024, the Compensation Committee held six meetings to determine bonus compensation payable to the named executive officers in connection with the successful completion of certain performance milestones.

Our appointed Governance and Nominating Committee consists of the following independent directors: Mr. Reese Jr. and Dr. Turkel. During the fiscal year ended August 31, 2024, the Governance and Nominating Committee held four formal meetings.

Item 14. Principal Accountant Fees and Services

The aggregate fees billed for the most recently completed fiscal year ended August 31, 2024, and for fiscal year ended August 31, 2023 for professional services rendered by the principal accountants were as follows:

Principal Accounting Fees	Year Ended August 31, 2024 $	Year Ended August 31, 2023 $
Audit	111,000	95,900
Audit Related	53,700	32,960
Tax	12,360	10,150
Total	177,060	**139,010**

Audit fees consist of fees billed for professional services rendered for the audits of our financial statements on Form 10-K and the reviews of our interim financial statements included in quarterly reports filed on Form 10-Q.

Audit related fees consist of fees billed for assurance and related services by the Company's principal accountant that are reasonably related to the performance of the audit or review of the Company's financial statements, which are not included in the Audit Fees described above.

Tax fees were billed for professional services including assistance with tax compliance, preparation of tax returns, and tax consultation.

Pre-Approval Policy

Our Audit and Finance committee pre-approve all services provided by our independent auditors according to the Audit and Finance Committee's Charter as set out in Exhibit "A" in the Company's Schedule 14A Definitive Proxy Statement filed with the SEC on April 13, 2022. All of the above audit services and fees were reviewed and approved by the committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules

a) Financial Statements

1) Report of Independent Registered Public Accounting Firm (PCAOB ID 206)

2) Financial statements for our Company are listed under Item 8 of this document.

3) All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements or notes thereto.

b) Exhibits

Exhibit Number	Description
(3)	**Articles of Incorporation and Bylaws**
3.1	Amended and Restated Articles of Incorporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed January 14, 2021)
3.2	Second Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed January 14, 2021)
(4)	**Instruments Defining the Rights of Security Holders, including Indentures**
4.1	Equity Incentive Plan (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-8 filed on January 18, 2024)
4.2	Form of Warrant (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-1 filed with the SEC on April 28, 2023)
4.3	Form of Private Placement Warrant (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed February 16, 2024)
4.4	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.3 to our Current Report on Form 8-K filed February 16, 2024)
4.5	Form of Common Stock Purchase Warrant (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed April 30, 2024)
4.6	Form of Private Placement Warrant (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed October 16, 2024)
4.7	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed October 16, 2024)
(10)	**Material Contracts**
10.1	Executive Employment Agreement dated Dec. 31, 2021 with John Docherty (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on January 14, 2022)
10.2	Management Services Agreement dated Dec. 31, 2021 with C.A.B. Financial Services Ltd. (Chris Bunka) (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on January 14, 2022)
10.3	Engagement Agreement by and between the Company and H.C. Wainwright & Co., LLC, dated February 12, 2024 (incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K filed February 16, 2024)
10.4	Engagement Agreement Amendment by and between the Company and H.C. Wainwright & Co., LLC, dated February 12, 2024 (incorporated by reference to Exhibit 1.2 to our Current Report on Form 8-K filed February 16, 2024)
10.5	Form of Securities Purchase Agreement with certain purchasers dated February 14, 2024 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed February 16, 2024)
10.6	Amended and Restated Definitive Intellectual Property License Agreement between Lexaria Hemp Corp. and Premier Anti-aging Co., Ltd., dated March 15, 2024 (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on April 9, 2024)
10.7	Warrant Exercise Agreement between the Company and Armistice Capital Master Fund Ltd. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on April 30, 2024)
10.8	Capital on Demand™ Sales Agreement, dated as of August 21, 2024 by and between Lexaria Bioscience Corp. and JonesTrading Institutional Services LLC (incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K filed on August 22, 2024)
10.9	Executive Employment Agreement dated August 31, 2024 with Richard Christopher
10.10	Executive Employment Agreement dated October 1, 2024 with Michael Shankman
10.11	Engagement Agreement by and between the Company and H.C. Wainwright & Co., LLC, dated September 4, 2024 (incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K filed October 16, 2024)
10.12	Form of Securities Purchase Agreement with certain purchasers dated October 14, 2024 (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed October 16, 2024)
(19)	**Insider Trading Policies and Procedures**
19.1	Insider Trading and Black-Out Period Policy, effective June 14, 2019
(21)	**Subsidiaries**
21.1	**List of Subsidiaries of the Registrant**
(23)	**Consents of Experts and Counsel**
23.1	**Consent of MaloneBailey LLP, Chartered Professional Accountants**
(31)	**Rule 13(a) - 14 (a)/15(d) - 14(a)**
31.1	**Section 302 Certifications under Sarbanes-Oxley Act of 2002 of Principal Executive Officer**
31.2	**Section 302 Certifications under Sarbanes-Oxley Act of 2002 of Principal Financial Officer and Principal Accounting Officer**
(32)	**Section 1350 Certifications**
32.1	**Section 906 Certification under Sarbanes Oxley Act of 2002 of Principal Executive Officer**
32.2	**Section 906 Certification under Sarbanes Oxley Act of 2002 of Principal Financial Officer and Principal Accounting Officer**
(97)	**Policy Relating to Recovery of Erroneously Awarded Compensation**
97.1	**Clawback Policy, effective December 1, 2023**
(101)**	**Interactive Data Files**
101.INS	**XBRL Instance Document**
101.SCH	**XBRL Taxonomy Extension Schema Document**
101.CAL	**XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	**XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	**XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	**XBRL Taxonomy Extension Presentation Linkbase Document**

** Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of any registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, and otherwise are not subject to liability under those sections.

Item 16. Form 10-K Summary

None.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LEXARIA BIOSCIENCE CORP.

By: /s/ Richard Christopher
Richard Christopher
Chief Executive Officer
(Principal Executive Officer)
Date: November 26, 2024

In accordance with the Exchange Act, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Richard Christopher
Richard Christopher
Chief Executive Officer
(Principal Executive Officer)
Date: November 26, 2024

By: /s/ Michael Shankman
Michael Shankman
Chief Financial Officer
(Principal Financial Officer)
Date: November 26, 2024

By: /s/ William Edward (Ted) McKechnie
Ted McKechnie
Director
Date: November 26, 2024

By: /s/ Nicholas Baxter
Nicholas Baxter
Director
Date: November 26, 2024

By: /s/ Albert Reese Jr.
Albert Reese Jr.
Director
Date: November 26, 2024

By: /s/ Dr. Catherine C. Turkel
Dr. Catherine C. Turkel
Director
Date: November 26, 2024

EXHIBIT 10.9

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") dated as of the 31st day of August, 2024.

BETWEEN:

Lexaria Bioscience Corp. having an address at: 100 – 740 McCurdy Road, Kelowna, BC V1X 2P7

("**LBC**")

AND:

Richard Christopher of [xx][1]

(the "**Executive**")

WHEREAS LBC serves as the Nasdaq listed parent company of the following subsidiaries: Kelowna Management Services Corp. ("**KMSC**"), Poviva Corp. ("**Poviva**"), Lexaria CanPharm ULC ("**CanPharm**"), Lexaria Nicotine LLC ("**Nicotine**"), Lexaria Pharmaceutical Corp. ("**Pharma**"), Lexaria Hemp Corp. ("**Hemp**"), Lexaria CanPharm Holding Corp. ("**Holding**"), Lexaria Nutraceutical Corp. ("**Nutra**") and such future subsidiary companies of LBC ("**FutureCos**"). Collectively LBC, KMSC, Poviva, CanPharm, Nicotine, Pharma, Hemp, Holding, Nutra and FutureCos are referred to herein as the "**Company**".

WHEREAS, the Executive has expertise with acting in the capacity as a Chief Financial Officer, Vice President and Chief Operating Officer for US publicly listed companies in addition to expertise with investor relations, capital fund raising and the biotechnology industry;

AND WHEREAS LBC wishes to engage the Executive as its Chief Executive Officer, and the Executive wishes to be employed as Chief Executive Officer, or such other title mutually agreeable to the Company and the Executive, on the terms set out in this Agreement;

NOW THEREFORE, conditional upon the covenants and agreements set out in this Agreement; and other good and valuable consideration given by each party to the other, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereby agree as follows:

1. **EMPLOYMENT**

1.1. **Position** – LBC will employ the Executive in the position of Chief Executive Officer of the Company. The Executive will collaborate with the president and report to the Board of Directors of LBC (the **"Board"**) or to a committee designated thereby. The Executive will be responsible for and will perform the duties as set out in **Schedule "A"** to this Agreement, as well as any other duties as reasonably may be assigned to the Executive by LBC from time to time, which may include duties in relation to affiliates or subsidiaries of LBC. LBC may make non-material changes, with notice, to the duties and responsibilities of the Executive in accordance with the Company's business needs and, provided the Executive's duties and responsibilities remain commensurate to the duties and responsibilities customary to a Chief Executive Officer of a corporation engaged in a business similar to that of the Company.

[1] Information regarding the Executive's residence has been redacted for privacy purposes

1.2. **Location** – The Executive shall perform his duties remotely. The parties acknowledge and agree, however, that the nature of the Executive's position and services hereunder may require a significant amount of travel by the Executive to jurisdictions that are agreeable to the Executive as a representative of the Company, including for the purposes of participating in trade shows, investor meetings and conferences, medical conferences, informational panels, presentations, media events, technology outlicensing, etc., and in discussions related to investment banking, commercial opportunities, client negotiations and more, with the understanding that any such travel expected of the Executive will be compliant with visa requirements for temporary business visiting purposes in any countries or jurisdictions to which the Executive is required to visit.

1.3. **Term** – The Executive's employment with LBC under this Agreement will at all times be at-will commencing on August 31, 2024 (the "**Effective Date**") and will continue until the Executive's employment is terminated by LBC or the Executive. (the "**Term**"). As an at-will employee, either the Executive or LBC may terminate Employee's employment at any time for any reason not prohibited by law, subject to the terms and conditions stated herein.

1.4. **Service** – During the Term, the Executive will:

a) well and faithfully serve the Company and use the Executive's best efforts to promote the best interests of the Company;

b) devote the whole of the Executive's working time and attention to the business of the Company;

c) not, without the prior written consent of the Company, which consent may be withheld at the sole discretion of the Company, engage in any other business, profession or occupation, or become involved in any capacity, directly or indirectly, with any other employer or business, where the Executive's engagement or involvement conflicts or interferes with, or could reasonably conflict or interfere with at some future date, the Executive's performance of the duties and obligations of the Executive to the Company; and

d) comply and become familiar with all policies and procedures of the Company as amended or adopted from time to time. The Company reserves the right to introduce, administer, amend and/or delete policies and procedures in its sole discretion, and such actions will not constitute a breach of the terms of employment or constructive dismissal.

1.5. **D & O Insurance; Indemnification Generally** – During the Term, the Company will maintain in effect as appropriate, and pay for, Directors and Officers liability insurance in an amount determined by the Board acting reasonably for the benefit of the Executive in respect of his holding such position with the Company. In addition, the Executive shall be indemnified to the maximum extent allowable under the Company's articles of incorporation, by-laws, and applicable law.

1.6. **Travel Insurance** – During the Term, the Company will maintain travel insurance for the Executive which, in addition to the standard coverage provided by travel insurance, will specifically provide coverage for travel delays or medical issues associated with Covid-19 or such other pandemic or geographic specific health crisis as declared by the World Health Organization and applicable to the area the Executive is required to travel to on behalf of the Company.

2. **COMPENSATION AND BENEFITS** – During the Term, LBC will pay the Executive the compensation and provide the benefits as set out in **Schedule "B"**, as amended from time to time, which sets out completely the compensation and benefits entitlement of the Executive for all hours worked and all services provided to the Company pursuant to this Agreement, except as otherwise required by the British Columbia *Employment Standards Act,* as amended or replaced from time to time, or such similar legislation as may be appropriate in the geographic location in which the Executive resides, (the **"ESA"**). For clarity, regardless of the number of hours worked, except to the minimum extent, if any, required by the ESA, the Executive is not entitled to any additional remuneration, overtime, or time off in lieu or in addition to the compensation and benefits set out in this **Schedule "B"**. LBC may, from time to time, at its sole discretion, adjust the Executive's benefits, and such changes will not constitute a breach of the terms of employment or constructive dismissal.

3. **EXPENSES AND EQUIPMENT**

3.1. **Expenses** – LBC will reimburse the Executive for reasonable business expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties under this Agreement, as more particularly set out in Schedule "B".

4. **TERMINATION OF AGREEMENT AND EMPLOYMENT**

4.1. **Termination by the Executive** –The Executive's employment may be terminated by the Executive for any reason or no reason at any time. The Executive agrees that he shall provide LBC with sixty (60) days written notice of termination and acknowledges that the Executive shall only be entitled to his Accrued Wages.

4.2. **Termination by LBC Without Just Cause or by Executive for Good Reason** – In the event LBC terminates the employment of the Executive without Just Cause (as defined in Subsection 4.3) or the Executive terminates his employment with LBC for Good Reason (as defined below), the Executive shall be entitled to:

a) Any Accrued Wages (which includes any Base Salary that has been accrued but is unpaid and any vested vacation pay, vested benefits, and outstanding expense reimbursements);

b) Any (i) Annual Bonus as described in Schedule B and amended from time to time that the Compensation Committee of LBC has authorized as payable based on its determination of PCMs that have been accomplished during the applicable calendar year before termination of employment, payable at such time as provided in Exhibit B, plus (ii) Material Transaction Bonus based on an applicable transaction completed, or completed pro-rata at the determination of the Compensation Committee before the termination of employment but unpaid as of the date of termination of employment, payable at such time as provided in Exhibit B, plus (iii) any Material Transaction Bonus as described in Schedule B and amended from time to time for any applicable transaction completed during the relevant post-employment period specified in Exhibit B and payable at such time as provided in Exhibit B; and

c) one (1) month of Base Salary for each one (1) month of employment the Executive has completed with LBC up to a maximum of twelve (12) months' Base Salary. Such severance payment shall be paid as salary continuation payments made in accordance with LBC's regular payroll periods. Any severance payment that is scheduled to be paid prior to receipt by LBC of the general release noted below shall be held in escrow until such time as the general release has been received. Once the general release has been received from the Executive any escrowed severance payment amounts shall be paid with the next payroll period, but in any event no later than the 15th day of the third calendar month following the Termination Date.

d) Payment for an amount equal to Executive's and his eligible dependents' monthly health insurance premiums (as set forth on Schedule B, paragraph 7) for the same number of months Executive is receiving severance pay (i.e., up to a maximum of twelve (12) months following the Termination Date, or such date as the Executive finds other employment that pays the health insurance premiums, whichever is shorter.

"**Termination Date**" shall mean the effective date of termination of Executive's employment with the Company.

"**Good Reason**" means the occurrence of any of the following events without Executive's consent: (i) the material reduction of the Base Salary (i.e., ten percent (10% or more, one time or in the aggregate); (ii) a change in Executive's position with the Company that materially reduces Executive's level of authorities, responsibilities, or duties; (iii) a material breach by the Company of this Agreement; or (iv) a requirement that Executive relocate his living residence or commute further than thirty (30) miles from his home, other than for in person board meetings (not to exceed three per year); *provided, however*, that (A) the Executive provides notice of the event constituting Good Reason within sixty (60) days after the occurrence of such event, (B) the Company is given at least thirty (30) days to cure the event and fails to so cure it, and (C) the Termination Date occurs within thirty (30) days after the Company's opportunity to cure the event has expired.

Where this Agreement and the Executive's employment is terminated in accordance with this **Subsection 4.2**, the Executive agrees to execute, and not revoke, a full and final general release in favour of LBC, in a form to be provided by LBC to be completed in such period as required by applicable law and not to exceed 60 days after the last day of employment, as a condition precedent to receiving the compensation set out in this **Subsection 4.2**. If the Executive does not execute such a release or such release is otherwise revoked by the Executive as permitted by applicable law, the Executive will receive only his Accrued Wages.

4.3. **Termination by LBC for Just Cause** – In the event LBC terminates this Agreement and the Executive's employment with LBC at any time for Just Cause, the Executive shall only be entitled to his Accrued Wages. For purposes of this Agreement, the term "**Just Cause**" means[2]:

a) Executive's willful misconduct or gross negligence in connection with the performance of Executive's duties;

b) Executive's misappropriation or embezzlement of funds or property of the Company or one of its clients;

c) Executive's fraud or dishonesty with respect to the Company or its clients;

d) Executive's conviction of or entering of a guilty plea or plea of no contest with respect to any felony or any other crime involving moral turpitude or dishonesty;

e) Executive's breach of fiduciary duties owed to the Company or one of its clients;

f) The Company's receipt of any form of notice, written or otherwise, that any regulatory agency having jurisdiction over the Company intends to institute any form of formal or informal regulatory action against Executive or against the Company based on Executive's acts, omissions, or conduct;

g) Executive's exhibition of a standard of behavior within the scope of or related to Executive's employment that is materially disruptive to the orderly conduct of the Company's business operations (including, without limitation, substance abuse, sexual harassment, or sexual misconduct);

h) Executive's failure to perform Executive's duties and responsibilities under this Agreement to the satisfaction of the Company, including prolonged absences without the written consent of LBC; or

i) Executive's material breach of this Agreement.

[2] For the avoidance of doubt, any uses or definitions of the term "Just Cause" within any Canadian Employment Standards Act or similar legislation do not apply to this Agreement or this Agreement's use of that term.

Prior to terminating Executive for Cause for violations pursuant to section (a), (g), (h) or (i), the Company agrees to provide Executive with written notice of the specific conduct constituting Just Cause and to provide Executive with thirty (30) days in which to cure any such Just Cause which is capable of being cured; the Company will exercise its good faith business judgment to evaluate whether or not Executive has cured the Just Cause prior to moving to terminate Executive for Just Cause. Notwithstanding the foregoing, in no event shall Executive's ineffectiveness in the performance of his duties with the Company, or a bona fide disagreement over policy or business judgment, be deemed grounds for termination for Just Cause.

4.4. **Directorship and Offices** – Subject to the consent and agreement of the Executive, commencing on November 30, 2024, the Executive may be appointed by the current directors of LBC to stand on its Board. Should such appointment be made, the Executive will subsequently be nominated as a director at LBC's next annual shareholder meeting. Upon the termination of the Executive's employment with LBC for any reason, the Executive will immediately resign any directorship or office held in LBC and/or any of its subsidiaries as requested by the Board of Directors and, except as provided in this Agreement, the Executive will not be entitled to receive any additional payment for loss of office or otherwise.

5. **CONFIDENTIALITY**

5.1. **Definition of Company** – For the purposes of this **Section 5**, as well as **Sections 6 and 7** below, **"Company"** shall include the Company as defined in the preamble and any successor to LBC or other business entity that is related to or affiliated with the Company.

5.2. **Confidential Information** – For the purposes of this Agreement, "**Confidential Information**" means all information in any form, whether written, electronic, or oral, about or owned, used or licensed by the Company, including without limitation, information about their business operations, business interests, assets, liabilities, contracts, databases, computer software, scientific interests, clients and client lists, suppliers, credit information and pricing information, sales and marketing plans and strategies, proposals, research and development, new services or products research, financial data, technical information, employees and independent contractors, intellectual property, and all other information that is not generally, lawfully available to third parties or is treated by the Company as Confidential Information as well as all materials qualifying as trade secrets under applicable law. The Executive agrees that if he is uncertain as to whether any information constitutes Confidential Information, the Executive will treat such information as Confidential Information.

5.3. **Non-Disclosure of Information of the Company** – The Executive acknowledges that by reason of his employment he will have access to Confidential Information of the Company. The Executive understands and acknowledges the importance of maintaining the security and confidentiality of Confidential Information, both during the Term and indefinitely after the Term. The Executive will, both during and indefinitely after the Term, maintain the confidentiality of the Confidential Information. The Executive will use and disclose the Confidential Information only during the Term and only as required for the performance of the Executive's duties and obligations under this Agreement. The Executive will not use or disclose any Confidential Information for the Executive's personal advantage or the advantage of any other person or entity. The Executive will use and take all reasonable security measures to protect the Confidential Information from loss, theft and unauthorized use, access, disclosure, duplication, modification and deletion.

Nothing in this Agreement will prevent the Executive's use or disclosure of information to governmental agencies in accord with whistleblower protection laws, or prevent the Executive from disclosing information which is lawfully available to the public for unrestricted use other than through the wrongful act or omission by the Executive or any other person or which is required to be disclosed under applicable laws or legal process. Although the Executive does not need to seek approval from the company before reporting a whistleblower claim and does not need to notify the Company after the fact, if the Executive is otherwise required to disclose Confidential Information under applicable laws or legal process, the Executive will provide the Company with as much advance notice as possible to enable the Company to have the opportunity to contest the disclosure or to obtain a protective order, and the Executive will strictly limit such disclosure only to the Confidential Information which is legally required to be disclosed. The Executive will cooperate with the Company in any efforts to obtain a protective order or other remedy or recourse, which the Company may seek to obtain in this regard.

Notwithstanding anything herein to the contrary, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Employee files a lawsuit for retaliation for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's or his attorney and use the trade secret information in the court proceeding, as long as Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

5.4. **Return of Confidential Information and Property** – All Confidential Information is the exclusive property of the Company. The Executive will at any time upon request by the Company, and immediately upon the termination of the Executive's employment, for any reason, promptly return to the Company all originals or copies of Confidential Information and any other property belonging to, or relating to the business of, the Company, whether stored or retained in any personal device or account.

6. **INTELLECTUAL PROPERTY**– All innovations, inventions, discoveries, improvements, devices, designs, practices, processes, methods, products or services that the Executive makes, develops, perfects, devises or reduces to practice during the Term that relate to the Company's business, or result from any work the Executive performs for the Company (collectively, the **"Company Intellectual Property"**), are the Company's sole property and shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. § 101 et seq., as amended). The Executive will promptly inform, and disclose to, the Company all Company Intellectual Property that the Executive creates alone or in collaboration with others whether or not the Executive conceived of such during normal business hours. The Executive hereby irrevocably and unconditionally transfers and assigns to the Company, and its successors and assigns, any and all of his rights (including moral rights), title and interest in and to any and all of the Company Intellectual Property, and any copyright, trademark, patent applications or patents thereon. The Company retains legal ownership of the product of the Executive's work and no Company Intellectual Property created by the Executive while employed by the Company can be claimed, construed, or presented as the Executive's property, even after termination of the Executive's employment. The Company Intellectual Property shall be considered the Company's Confidential Information subject to the restrictions described above. On the Company's reasonable request, the Executive will execute any document that the Company deems necessary to evidence the Company's ownership of any of the Company Intellectual Property to apply for and obtain intellectual property registrations in the Canadian Intellectual Property Office, or any foreign equivalents, for any of the Company Intellectual Property.

7. **RESTRICTIVE COVENANTS**

7.1. **Definitions** – For the purposes of this **Section 7**:

a) "**Customer**" means any person or entity with whom the Executive had material contact and to whom the Executive provided products or services on behalf of the Company, or to whom the Company provided products or services and about whom the Executive received Confidential Information during the course of the Executive's employment with the Company; provided that, after the termination of the Executive's employment for any reason, "Customer" will only include those persons or entities who the Executive knew was a Customer at any time during the twelve (12) months preceding the termination of the Executive's employment;

b) "**Competitive Business**" means any company that earns revenues or anticipates earning revenues from sales or licensing related to products developed or created by way of combining molecules together with dehydration processing for the purposes of enhancing the pharmacokinetic performance of active pharmaceutical ingredients; and

c) "**Personnel**" means any person or entity with whom the Executive had material contact and who the Executive knew was employed or engaged as a contractor by the Company during the course of the Executive's employment with the Company.

7.2. **Non-Solicitation** – During the Term and for a period of six (6) months after the termination of the Executive's employment for any reason, the Executive will not, directly or indirectly:

a) contact or communicate with any Customer for the purpose of offering for sale any products or services relating to the Competitive Business;

b) solicit, divert or take away from the Company the business of any Customer;

c) solicit or encourage any Personnel to terminate their relationship with the Company; or

d) entice or solicit away from the Company any Personnel for the purpose of competing with the Company in a Competitive Business.

7.3. **Non-Disparagement** – The Executive agrees that he will refrain from making any knowingly false and derogatory, negative or inaccurate statements about the Company or the Company's employees; provide that nothing herein shall be construed as interfering with Executive's performance of his bona fide job duties. The Company agrees to instruct the Board and the Company's executives (and use commercially reasonable efforts to ensure compliance with such instruction) not to make knowingly false and derogatory, or negative or inaccurate statements about Executive. Nothing set forth herein shall be interpreted to prohibit Executive and the Company's executives or members of the Board from responding truthfully to incorrect public statements, making truthful statements when required by law, subpoena or court order and/or from responding to any inquiries from any regulatory or investigative agency or, as to the Company, the Company's external legal counsel, underwriters, auditors, financial advisors, investors, potential investors, strategic partners, potential strategic partners, and potential management candidates (and their respective legal counsel).

7.4. **No Conflicting Duties or Obligations** – The Executive represents and warrants to the Company that he does not owe, and he will not during the Term undertake or agree to, any contractual or other duties or obligations to any other person or entity which may conflict or interfere with this Agreement or any of the Executive's duties and obligations under this Agreement, or which may prevent the Executive from entering into this Agreement or performing any of the Executive's duties and obligations under this Agreement, including any non-solicit or non-compete duties or obligations.

7.5. **Other Duties** – The restrictions contained in **Section 5** (Confidentiality), **Section 6** (Intellectual Property) and **Section 7** (Restrictive Covenants) of this Agreement are in addition to, and do not derogate from, any other duties and obligations (including fiduciary obligations) the Executive may have to the Company under any applicable laws.

7.6. **Reasonableness of Restrictions** –

a) The Executive acknowledges and confirms that the obligations and covenants set out in **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement are reasonable and necessary to protect the legitimate interests of the Company and that he has received reasonable and sufficient consideration for same. Without limiting the generality of the foregoing, the Executive hereby acknowledges and confirms that, given, among other things, the nature of the Company's operations and the duties to be performed by the Executive hereunder, the geographic scope, duration and nature of the restricted activities set out in the aforesaid Sections are reasonable and necessary to protect the legitimate interests of the Company; and

b) The Executive acknowledges and agrees that the obligations and covenants set out in **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement will not preclude him from earning a reasonable livelihood following the cessation of his employment with LBC.

8. **GENERAL**

8.1. **Enforcement** – The Executive acknowledges and agrees that the covenants and obligations under **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement are reasonable, necessary and fundamental to the protection of the Company's legitimate business interests, and any breach of those covenants and obligations would result in loss and damage to the Company for which the Company could not be adequately compensated by an award of monetary damages. In the event of any actual or threatened breach of any of those covenants and obligations by the Executive, the Company will, in addition to all remedies available to the Company at law or in equity, be entitled as a matter of right to seek judicial relief by way of a restraining order and/or preliminary, interim, interlocutory or permanent injunction.

8.2. **Severability –** If any provision or part thereof of this Agreement is determined to be unenforceable or invalid for any reason, that unenforceable or invalid provision or part thereof will not affect the enforceability or validity of the remaining provisions of this Agreement which will remain in full force and effect, and any unenforceable or invalid provisions or parts thereof will be severable from the remainder of this Agreement.

8.3. **Waiver** – No consent or waiver, express or implied, by either party to or of any breach or default by the other party in the performance by the other of any or all of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act of the other of them, or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder or of the right, then or subsequently, to declare a default.

8.4. **Governing Law** – This Agreement and all related matters will be governed by, and construed in accordance with, the laws of Massachusetts and the US federal laws applicable therein (excluding any choice of law rules). Any dispute arising from, connected with, or relating to this Agreement or any related matters will be resolved by the courts and tribunals of Massachusetts, as applicable, and the parties hereby irrevocably submit and attorn to the original and exclusive jurisdiction of those courts and tribunals, as applicable.

8.5. **Continuing Application** – The terms of this Agreement will continue to apply throughout the Executive's employment, regardless of:

a) the Executive's length of service; or

b) any changes that may occur to the Executive's position, duties and responsibilities, compensation or benefits, or other terms of employment; or

c) any changes to the Company as a result of a reorganization, plan of arrangement, reverse take-over, merger or acquisition.

8.6. **Statutory Deductions and Withholdings; Tax Reporting** – All compensation, benefits and payments required to be made pursuant to this Agreement, including, but not limited to, termination payments, are subject to applicable statutory deductions and withholdings as required by applicable government statutes and regulations. LBC shall furnish to the Executive following each calendar year a United States Internal Revenue Service Form W-2 and any other tax information reporting forms as required by applicable government statutes and regulations, reporting all applicable amounts of compensation, benefits and payments required to be made pursuant to this Agreement.

8.7. **Enurement** - This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, personal representatives, permitted assigns, affiliates, subsidiaries, predecessors, liquidators, receivers, receiver managers, and trustees, as applicable.

8.8. **Assignment of Rights** - LBC may assign this Agreement to another person or entity. The Executive will not assign his rights under this Agreement, or delegate to others, any of the Executive's functions and duties under this Agreement without the express written consent of LBC, which consent may be withheld in LBC's sole discretion.

8.9. **Legal Advice** – The Executive acknowledges that it was recommended by LBC that the Executive obtain independent legal advice before executing this Agreement and represents that by executing this Agreement he has had the opportunity to do so. The Executive further acknowledges and agrees that he has read this Agreement, fully understands the terms of this Agreement, agrees that all such terms are reasonable, and agrees that the Executive is signing this Agreement freely, voluntarily and without duress.

8.10. **Entire Agreement** – This Agreement (including Schedules A and B, and the Lexaria Incentive Equity Plan and stock option award agreement referenced in Exhibit B) constitute the entire agreement between the Executive and LBC regarding the Executive's employment with LBC and supersedes all prior oral or written understandings and agreements regarding the Executive's employment. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Executive and LBC other than as expressly set forth in this Agreement. Except as otherwise provided in this Agreement, any amendment or modification of this Agreement or additional obligation assumed by either party in connection with this Agreement will only be binding if evidenced in writing signed by each party.

8.11. **Survival** – All sections of this Agreement that, by their drafting, are intended to survive the termination of the Executive's employment, and all other provisions of this Agreement necessary for the interpretation or enforcement of any of those sections, will survive indefinitely after the termination of the Executive's employment for any reason.

8.12. **Section 409A** – To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A ("**Section 409A**") of the Internal Revenue Code of 1986, as amended (the "**Code**"). This Agreement shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement to fail to satisfy Section 409A shall have no force and effect until amended to comply with Section 409A. Notwithstanding any provision of this Agreement to the contrary, in the event any payment or benefit hereunder is determined to constitute nonqualified deferred compensation subject to Section 409A that is payable upon separation from service, then to the extent necessary to comply with Section 409A, (i) termination of employment shall mean "separation from service" as defined under Section 409A, and (ii) such payment or benefit shall not be made, provided or commenced until six months after the date of the Executive's separation from service. Lump sum payments will be made, without interest, as soon as administratively practicable following the six-month delay (or if earlier, the date of the Executive's death). Any instalments otherwise due during the six-month delay will be paid in a lump sum, without interest, as soon as administratively practicable following the six-month delay, and the remaining instalments will be paid in accordance with the original schedule. For purposes of Section 409A, the right to a series of instalment payments shall be treated as a right to a series of separate payments. Each separate payment in the series of separate payments shall be analyzed separately for purposes of determining whether such payment is subject to, or exempt from compliance with, the requirements of Section 409A. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or additional taxes under Section 409A, amounts reimbursable to the Executive under this Agreement shall be paid to the Executive on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Executive) during any one year may not effect amounts reimbursable or provided in any subsequent year. The Company makes no representations or warranties that the payments provided under the Agreement comply with, or are exempt from, Section 409A, and in no event shall the Company be liable for any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Executive on account of non-compliance with Section 409A.

8.13. **Section 280G** –

a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to the Executive or for the Executive's benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise) (the " **Payments**") would be subject to the excise tax imposed by Section 4999 (or any successor provisions) of the Code, or any interest or penalty is incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, is hereinafter collectively referred to as the "**Excise Tax**"), then the Payments shall be reduced (but not below zero) if and to the extent that such reduction would result in the Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income taxes and the imposition of the Excise Tax), than if the Executive received all of the Payments. The Company shall reduce or eliminate the Payments, by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the determination.

b) All determinations required to be made under this Section, including whether and when an adjustment to any Payments is required and, if applicable, which Payments are to be so adjusted, shall be made by an independent accounting firm selected by the Company from among the four (4) largest accounting firms in the United States or any nationally recognized financial planning and benefits consulting company (the "**Accounting Firm**") which shall provide detailed supporting calculations both to the Company and to the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the individual, entity or group effecting the "change in control of the Company" (within the meaning of Sections 280G and 4999 of the Code) to which the Payments relate, Employer shall appoint another nationally recognized accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first above written.

LEXARIA BIOSCIENCE CORP.

Per:

/signed/

Authorized Signatory

/signed/

Richard Christopher

SCHEDULE "A"

Description of Duties

The Executive shall provide the following services to the Company, as determined by LBC:

All duties of a chief executive officer, including but not limited to:

(a) Developing and expanding the Company's new and existing product pipeline based on its current proprietary technologies, and implementing new technologies as they become available with a continued focus on improving and optimizing speed and extent of drug delivery and flavour profile;

(b) Assisting the Company and its licensees on achieving successful commercial production with definitive deadlines for commencement and anticipated royalty payments;

(c) Maintaining and developing the Company's communications and marketing materials focused on shareholders, stakeholders, KOL's, and prospective clients with a goal of establishing a consistent message that is associated with the Company's values and goals;

(d) Identifying and evaluating opportunities for capital raising and/or strategic collaboration with suitable third-parties at appropriate points in time for the Company, including research, plan, propose, execute and close approved projects, acquisitions, mergers and partnerships, as well as locate and cultivate finance sources, all of which create value for the Company;

(e) Accepting the title of Chief Executive Officer (the "CEO");

(f) Collaborating with LBC executives to maintain and develop LBC's corporate/investor outreach materials as needed including overall corporate messaging through direct creation and development of corporate presentations, power points, websites, shareholder and community communications, business plans, fact sheets, etc.;

(g) Collaborating primarily with the LBC President and/or senior scientific staff to develop, implement, and oversee research and development ("R&D") strategies, programs, studies and investigations;

(h) Serving LBC (and/or such subsidiary or subsidiaries of LBC as LBC may from time to time require) in such capacity or capacities as may from time to time be determined by resolution of the Board of Directors or senior management of LBC and shall perform such duties and exercise such powers as may from time be determined by resolution of the Board of Directors, provided that such capacities, duties and exercise of power remain commensurate to the capacities, duties and exercise of power customary to a Chief Executive Officer of a corporation engaged in a business similar to that of LBC;

(i) Work as needed with third-party lawyers, partners, shareholders and other stakeholders as required by the Company and assist with the strategic corporate and financial planning; management of all the overall business operations, negotiation and management of agreements and employees; and

(j) Fulfill all duties expected of the Executive as the CEO of a publicly listed biotechnology/bioscience company and any other duties that should be reasonably expected by and at the pleasure of the Board of Directors.

SCHEDULE "B"

Compensation and Benefits

1. Compensation

A. Base Salary

Starting on the Effective Date, LBC will pay to the Executive an annual salary of US$420,000 (the "**Base Salary**"), less the applicable statutory deductions and withholdings required by law. The Base Salary will be increased by 5% on January 1, 2025 with such increased Base Salary being further increased by 5% again on January 1, 2026 and thereafter may be increased from time to time in accordance with normal business practice and in the sole discretion of LBC and shall be paid in accordance with LBC's standard payroll practices.

LBC and the Executive agree that for internal accounting purposes, the Base Salary may be allocated from an account or accounts of the Company other than LBC, in amounts determined by the management of LBC, but that at no such time shall such allocations result in less than the aggregate Base Salary payable to the Executive. The Base Salary will be paid in accordance with LBC's payroll practices, which may be amended from time to time.

B. Option Issuance

Starting on the Effective Date, LBC shall issue the Executive stock options entitling the Executive to purchase up to 200,000 shares at an exercise price equal to $0.01 greater than the closing price of LBC's shares on the Nasdaq Capital Market on the day of grant. The Options shall be exercisable for five years and shall be subject to a vesting schedule ending on December 31, 2026, pursuant to the terms and conditions of the stock award agreement to be entered into between LBC and the Executive.

C. Out of Pocket Expenses

The Executive's out of pocket expenses incurred on behalf of the Company shall be paid by LBC (the "Disbursements"). The Disbursements must be pre-approved by either the CFO or the President and will be limited to the foregoing:

i. travelling and other costs actually and properly incurred by the Executive in connection with the Executive's duties hereunder, up to a maximum of US$30,000.00 per month, with such additional costs being subject to pre-approval by either the President or the CFO of the Company prior to any reimbursement. Both parties recognize that, as the financial condition of the Company improves or deteriorates, this amount may be increased or decreased without making changes to this document and without such changes constituting a termination of this Agreement, provided the Company makes the Executive aware of the changed amount;

ii. specialized training and/or educational costs as authorized by the Company for the enhancement of any Services, up to a maximum of US$40,000.00 per year;

iii. customary home office costs, as well as stationery and printing costs;

iv. mileage allowance for personal vehicle use the current IRS reimbursement rate when the Executive is required to use own vehicle for business purposes.

D. Bonus

1. Milestone Bonus

The Executive shall be eligible to receive an annual bonus equal in value to up to 50% of the Base Salary, with any such bonus to be pro-rated for the 2024 calendar year (in each case the "**Annual Bonus**") based upon completion of performance criteria milestones ("**PCM**'s) to be approved by the Compensation Committee of the Board of LBC (after consultation with Executive) and disclosed to the Executive on an annual basis in January. The Annual Bonus is not earned until the appropriate PCM is achieved, and then awarded and paid by LBC (or such other Company account as designated for internal accounting purposes) after completion of the applicable calendar year and assessment of performance, which will conclude within sixty (60) business days following the calendar year end, with the earned Annual Bonus paid within the two following pay cycles (and in no event later than March 15 immediately following the end of the applicable calendar year).

In order to be eligible to receive an Annual Bonus, the Executive must be Actively Employed on the date or dates that the PCM was accomplished pursuant to which the Annual Bonus becomes payable. **"Actively Employed"**, in reference to a certain date, means that the Executive is employed by LBC (including being on vacation or being on a statutory or other leave authorized by LBC) on the applicable date. Except to the minimum extent, if any, required by the ESA, "Actively Employed" does not include:

(a) Any period following the date the Executive ceases to be employed by LBC upon termination of employment for any reason (whether voluntary or involuntary, and whether with or without just cause, and regardless of whether the termination is lawful or unlawful);

(b) Any period in relation to which LBC provides written notice or payment in lieu of notice in respect of such termination of employment, in accordance with section 4.2 of this Agreement, or the common law, if applicable; or

(c) Any period in relation to which LBC fails to give notice that ought to have been given pursuant to this Agreement or pursuant to any applicable law, including the common law, in respect of such termination of employment, and in relation to which damages may be awarded, including for the failure to provide such notice.

For further clarity,

if the Executive is not Actively Employed on the established payment date for an Annual Bonus but was Actively Employed when the PCM was accomplished, the Executive will be deemed to have earned the Annual Bonus, and he will be eligible to receive the portion of the Annual Bonus attributable to that PCM.

2. Material Transaction Bonuses

Change of Control

Subject to the exemption noted below, should a change of control ("**Change of Control**") occur in LBC during the Term of this Agreement or within six (6) months after the termination of the Executive pursuant to sections 4.1 or 4.2, then the Executive shall be entitled to a lump sum bonus payment. Such lump sum bonus payment resulting from a Change of Control shall be equal to twelve (12) months of Base Salary if a Change of Control occurs during the first year of the Term, thirteen (13) months of Base Salary if a Change of Control occurs in the second year of the Term and fourteen (14) months of Base Salary if a Change of Control occurs in the third year of the Term or any subsequent year of the Term and shall be payable within ninety (90) days of such Change of Control (but in no event later than March 15 of the calendar year following the calendar year in which the Change of Control occurs).

In addition, should a Change of Control occur while the Executive is actively employed, any stock options or warrants to purchase common stock, as referred to in all existing and future agreements between LBC and the Executive, granted to the Executive (including any award that resulted from a substitution or replacement of equity awards upon Change of Control) shall become immediately vested and exercisable.

A Change of Control includes any of the following events:

(a) Change in Ownership of LBC. A change in the ownership of LBC which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of LBC that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of LBC, except that any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control; or

(b) Change in Effective Control of LBC. If LBC has a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, a change in the effective control of LBC which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this clause (ii), if any Person is considered to be in effective control of LBC, the acquisition of additional control of LBC by the same Person will not be considered a Change in Control; or

(c) Change in Ownership of a Substantial Portion of LBC's Assets . A change in the ownership of a substantial portion of LBC's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from LBC that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of LBC immediately prior to such acquisition or acquisitions. For purposes of this subsection (b), gross fair market value means the value of the assets of LBC, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets;

(d) For purposes of this section, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock, or similar business transaction with LBC.

(e) Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of the Internal Revenue Code of 1986, as amended, Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

(f) Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (A) its sole purpose is to change the jurisdiction of LBC's incorporation, or (B) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held LBC's securities immediately before such transaction.

3. **Incentive Equity Plan**

The Executive will be entitled to participate in the Lexaria Incentive Equity Plan or any successor thereto, with such stock award amounts and exercise price, as applicable, to be determined by the Compensation Committee or the Board of Directors of LBC.

4. **Vacation**

The Executive will receive vacation time and pay in accordance with the Company's policies and procedures as amended from time to time by the Company in its discretion. Currently, the Executive is entitled to four (4) weeks' (i.e. 20 business days) of paid vacation, with an annual increase to such vacation entitlement of one (1) week up to a maximum of five (5) weeks' of vacation annually.

Vacation must be taken in accordance with procedures of the Lexaria Employee Handbook. Carryover of unused vacation into the following calendar year is permitted, however thereafter any unused vacation days will expire and LBC is not obligated to compensate the Executive for any such expired vacation days.

Upon termination of employment for any reason, the Executive will receive only the minimum vacation pay required to be provided pursuant to the ESA. Vacation pay will not be provided in relation to any common law period of notice for which payment in lieu of notice is provided, if any, and will not form part of any damages for wrongful dismissal or otherwise, except to the minimum extent (if any) required by the ESA.

5. **Sick Leave**

The Executive shall be entitled to paid sick leave in the amount provided in LBC's Employee Handbook which the Executive shall be required to review and sign as a part of his employment. Currently the Executive Handbook provides for 10 paid sick days and it is agreed by LBC and the Executive that at no time shall such paid sick days be reduced during the term of the employment.

6. **Paid Holidays**

The Executive shall be entitled to paid holidays for those days which the United States of America has designated as statutory holidays.

7. **Medical and Dental Benefits**

The Executive shall be entitled to reimbursement of his medical and dental benefits and insurance up to a maximum of US$2,400 per month.

EXHIBIT 10.10

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") dated as of the 1st day of October, 2024.

BETWEEN:

Lexaria Bioscience Corp. having an address at: 100 – 740 McCurdy Road, Kelowna, BC V1X 2P7

("**LBC**")

AND:

Michael Shankman, having an address at: [xx][1]

(the "**Executive**")

WHEREAS LBC serves as the Nasdaq listed parent company of the following subsidiaries: Kelowna Management Services Corp. ("**KMSC**"), Poviva Corp. ("**Poviva**"), Lexaria CanPharm ULC ("**CanPharm**"), Lexaria Nicotine LLC ("**Nicotine**"), Lexaria Pharmaceutical Corp. ("**Pharma**"), Lexaria Hemp Corp. ("**Hemp**"), Lexaria CanPharm Holding Corp. ("**Holding**"), Lexaria Nutraceutical Corp. ("**Nutra**") Lexaria (AU) Pty Ltd. ("**Aussie**") and such future subsidiary companies of LBC ("**FutureCos**"). Collectively LBC, KMSC, Poviva, CanPharm, Nicotine, Pharma, Hemp, Holding, Nutra, Aussie and FutureCos are referred to herein as the "**Company**".

WHEREAS, the Executive has expertise with acting in the capacity as a Chief Financial Officer for US publicly listed companies in addition to expertise with investor relations, capital fund raising and the biotechnology industry;

AND WHEREAS LBC wishes to engage the Executive as its Chief Financial Officer, and the Executive wishes to be employed as Chief Financial Officer, or such other title mutually agreeable to the Company and the Executive, on the terms set out in this Agreement;

NOW THEREFORE, conditional upon the covenants and agreements set out in this Agreement; and other good and valuable consideration given by each party to the other, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereby agree as follows:

1. **EMPLOYMENT**

1.1. **Position** – LBC will employ the Executive in the position of Chief Financial Officer of the Company, or such other title mutually agreeable to the Company and the Executive. The Executive will report to the Chief Executive Officer or President or the Board of Directors of LBC (the **"Board"**) or to a committee or person designated thereby. The Executive will be responsible for and will perform the duties as set out in **Schedule "A"** to this Agreement, as well as any other duties as may be assigned to the Executive by LBC from time to time, which may include duties in relation to affiliates or subsidiaries of LBC. LBC may make changes without notice to duties and responsibilities of the Executive in accordance with the Company's business needs and, provided the Executive's duties and responsibilities remain commensurate to the duties and responsibilities customary to a Chief Financial Officer of a corporation engaged in a business similar to that of the Company or alternatively, may make material changes to the duties and responsibilities of the Executive and/or change the title of the Executive to reflect such material changes in duties and responsibilities, upon nine (9) months' notice of same, whereby such changes will not constitute a breach of the terms of employment or constructive dismissal, provided that such changes in no way involve facilitation of the production or sale to consumers of products in any jurisdiction that are not considered federally permissible therein by the Company.

[1] Information regarding the Executive's residence has been redacted for privacy purposes

1.2. **Location** – The Executive shall perform his duties remotely. The parties acknowledge and agree, however, that the nature of the Executive's position and services hereunder may require a significant amount of travel by the Executive to jurisdictions that are agreeable to the Executive as a representative of the Company, including for the purposes of participating in trade shows, investor meetings and conferences, medical conferences, informational panels, presentations, media events, technology outlicensing, etc., and in discussions related to investment banking, commercial opportunities, client negotiations and more, with the understanding that any such travel expected of the Executive will be compliant with visa requirements for temporary business visiting purposes in any countries or jurisdictions to which the Executive is required to visit.

1.3. **Term** – The Executive's employment with LBC under this Agreement will at all times be at-will commencing on October 1, 2024 (the "**Effective Date**") and will continue until the Executive's employment is terminated by LBC or the Executive. (the "**Term**"). As an at-will employee, either the Executive or LBC may terminate Employee's employment at any time for any reason not prohibited by law.

1.4. **Probation Period** – The Executive and the Company acknowledge and agree that the first five (5) months of the Term shall constitute a probationary period (the "**Probation**") whereby either party may, for any reason, choose to terminate this Agreement without any of the notice period or severance payment obligations being enforced, other than the Company's liability to compensate the Executive for earned and unpaid wages and/or vacation pay and vested employee benefits.

1.5. **Service** – During the Term, the Executive will:

a) well and faithfully serve the Company and use the Executive's best efforts to promote the best interests of the Company;

b) devote the whole of the Executive's working time and attention to the business of the Company;

c) not, without the prior written consent of the Company, which consent may be withheld at the sole discretion of the Company, engage in any other business, profession or occupation, or become involved in any capacity, directly or indirectly, with any other employer or business, where the Executive's engagement or involvement conflicts or interferes with, or could reasonably conflict or interfere with at some future date, the Executive's performance of the duties and obligations of the Executive to the Company; and

d) comply and become familiar with all policies and procedures of the Company as amended or adopted from time to time. The Company reserves the right to introduce, administer, amend and/or delete policies and procedures in its sole discretion, and such actions will not constitute a breach of the terms of employment or constructive dismissal.

1.6. **D & O Insurance** – During the Term, the Company will maintain in effect as appropriate, and pay for, Directors and Officers liability insurance in an amount determined by the Board acting reasonably for the benefit of the Executive in respect of his holding such positions with the Company.

1.7. **Travel Insurance** – During the Term, the Company will maintain travel insurance for the Executive which, in addition to the standard coverage provided by travel insurance, will specifically provide coverage for travel delays or medical issues associated with Covid-19 or such other pandemic or geographic specific health crisis as declared by the World Health Organization and applicable to the area the Executive is required to travel to on behalf of the Company.

2. **COMPENSATION AND BENEFITS** – During the Term, LBC will pay the Executive the compensation and provide the benefits as set out in **Schedule "B"**, as amended from time to time, which sets out completely the compensation and benefits entitlement of the Executive for all hours worked and all services provided to the Company pursuant to this Agreement, except as otherwise required by the British Columbia *Employment Standards Act,* as amended or replaced from time to time, or such similar legislation as may be appropriate in the geographic location in which the Executive resides, (the **"ESA"**). For clarity, regardless of the number of hours worked, except to the minimum extent, if any, required by the ESA, the Executive is not entitled to any additional remuneration, overtime, or time off in lieu or in addition to the compensation and benefits set out in this **Schedule "B"**. LBC may, from time to time, at its sole discretion, adjust the Executive's compensation and benefits, and such changes will not constitute a breach of the terms of employment or constructive dismissal.

3. **EXPENSES AND EQUIPMENT**

3.1. **Expenses** – LBC will reimburse the Executive for reasonable business expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties under this Agreement,as more particularly set out in Schedule "B".

4. **TERMINATION OF AGREEMENT AND EMPLOYMENT**

4.1. **Termination by the Executive** –The Executive's employment may be terminated by the Executive for any reason or no reason at any time. The Executive agrees that he shall provide LBC with sixty (60) days written notice of termination.

4.2. **Termination by LBC Without Just Cause** – In the event LBC terminates the employment of the Executive without Just Cause (defined below), the Executive shall be entitled to:

a) Any Accrued Wages (which includes any Base Salary that has been accrued but is unpaid and any vested vacation pay, vested benefits, and outstanding expense reimbursements);

b) Any (i) Annual Bonus as described in Schedule B and amended from time to time that the Compensation Committee of LBC has authorized as payable based on its determination of PCMs that have been accomplished during the applicable calendar year before termination of employment, payable at such time as provided in Exhibit B; and

c) two (2) months' Base Salary constituting severance payment plus one (1) additional month of Base Salary (up to a maximum of twenty-four (24) months' Base Salary) of severance payment for each completed year of service with LBC after the Effective Date. Such severance payment shall be paid as salary continuation payments made in accordance with LBC's regular payroll periods. Any severance payment that is scheduled to be paid prior to receipt by LBC of the general release noted below shall be held in escrow until such time as the general release has been received. Once the general release has been received from the Executive any escrowed severance payment amounts shall be paid with the next payroll period, but in any event no later than the 15th day of the third calendar month following termination.

Where this Agreement and the Executive's employment is terminated in accordance with this **Subsection 4.2**, the Executive agrees to execute, and not revoke, a full and final general release in favour of LBC, in a form to be provided by LBC to be completed in such period as required by applicable law and not to exceed 60 days after the last day of employment, as a condition precedent to receiving the compensation set out in this **Subsection 4.2**. If the Executive does not execute such a release or such release is otherwise revoked by the Executive as permitted by applicable law, the Executive will receive only his Accrued Wages.

4.3. **Termination by LBC for Just Cause** – In the event LBC terminates this Agreement and the Executive's employment with LBC at any time for Just Cause, the Executive shall only be entitled to his Accrued Wages. For purposes of this Agreement, the term "**Just Cause**" means[2]:

a) Executive's willful misconduct or gross negligence in connection with the performance of Executive's duties;

b) Executive's misappropriation or embezzlement of funds or property of the Company or one of its clients;

c) Executive's fraud or dishonesty with respect to the Company or its clients;

d) Executive's conviction of or entering of a guilty plea or plea of no contest with respect to any felony or any other crime involving moral turpitude or dishonesty;

e) Executive's breach of fiduciary duties owed to the Company or one of its clients;

f) The Company's receipt of any form of notice, written or otherwise, that any regulatory agency having jurisdiction over the Company intends to institute any form of formal or informal regulatory action against Executive or against the Company based on Executive's acts, omissions, or conduct;

g) Executive's exhibition of a standard of behavior within the scope of or related to Executive's employment that is materially disruptive to the orderly conduct of the Company's business operations (including, without limitation, substance abuse, sexual harassment, or sexual misconduct);

h) Executive's failure to perform Executive's duties and responsibilities under this Agreement to the satisfaction of the Company, including prolonged absences without the written consent of LBC; provided that the nature of such conduct shall be set forth with reasonable particularity in a written notice to Executive who shall have 10 days following delivery of such notice to cure such alleged conduct, provided that such conduct is, in the reasonable discretion of LBC, susceptible to a cure; or

i) Executive's material breach of this Agreement that is not cured within 20 days after written notice of such breach from LBC.

4.4. **Directorship and Offices** - Upon the termination of the Executive's employment with LBC for any reason, the Executive will immediately resign any directorship or office held in all of the entities forming the Company and, except as provided in this Agreement, the Executive will not be entitled to receive any additional payment for loss of office or otherwise.

5. **CONFIDENTIALITY**

5.1. **Definition of Company** – For the purposes of this **Section 5**, as well as **Sections 6 and 7** below, **"Company"** shall include the Company as defined in the preamble and any successor to LBC or other business entity that is related to or affiliated with the Company.

5.2. **Confidential Information** – For the purposes of this Agreement, "**Confidential Information**" means all information in any form, whether written, electronic, or oral, about or owned, used or licensed by the Company, including without limitation, information about their business operations, business interests, assets, liabilities, contracts, databases, computer software, scientific interests, clients and client lists, suppliers, credit information and pricing information, sales and marketing plans and strategies, proposals, research and development, new services or products research, financial data, technical information, employees and independent contractors, intellectual property, and all other information that is not generally, lawfully available to third parties or is treated by the Company as Confidential Information as well as all materials qualifying as trade secrets under applicable law. The Executive agrees that if he is uncertain as to whether any information constitutes Confidential Information, the Executive will treat such information as Confidential Information.

5.3. **Non-Disclosure of Information of the Company** – The Executive acknowledges that by reason of his employment he will have access to Confidential Information of the Company. The Executive understands and acknowledges the importance of maintaining the security and confidentiality of Confidential Information, both during the Term and indefinitely after the Term. The Executive will, both during and indefinitely after the Term, maintain the confidentiality of the Confidential Information. The Executive will use and disclose the Confidential Information only during the Term and only as required for the performance of the Executive's duties and obligations under this Agreement. The Executive will not use or disclose any Confidential Information for the Executive's personal advantage or the advantage of any other person or entity. The Executive will use and take all reasonable security measures to protect the Confidential Information from loss, theft and unauthorized use, access, disclosure, duplication, modification and deletion.

Nothing in this Agreement will prevent the Executive's use or disclosure of information to governmental agencies in accord with whistleblower protection laws, or prevent the Executive from disclosing information which is lawfully available to the public for unrestricted use other than through the wrongful act or omission by the Executive or any other person or which is required to be disclosed under applicable laws or legal process. Although the Executive does not need to seek approval from the company before reporting a whistleblower claim and does not need to notify the Company after the fact, if the Executive is otherwise required to disclose Confidential Information under applicable laws or legal process, the Executive will provide the Company with as much advance notice as possible to enable the Company to have the opportunity to contest the disclosure or to obtain a protective order, and the Executive will strictly limit such disclosure only to the Confidential Information which is legally required to be disclosed. The Executive will cooperate with the Company in any efforts to obtain a protective order or other remedy or recourse, which the Company may seek to obtain in this regard.

Notwithstanding anything herein to the contrary, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if Employee files a lawsuit for retaliation for reporting a suspected violation of law, Employee may disclose the trade secret to Employee's or his attorney and use the trade secret information in the court proceeding, as long as Employee files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

5.4. **Return of Confidential Information and Property** – All Confidential Information is the exclusive property of the Company. The Executive will at any time upon request by the Company, and immediately upon the termination of the Executive's employment, for any reason, promptly return to the Company all originals or copies of Confidential Information and any other property belonging to, or relating to the business of, the Company, whether stored or retained in any personal device or account.

6. **INTELLECTUAL PROPERTY**– All innovations, inventions, discoveries, improvements, devices, designs, practices, processes, methods, products or services that the Executive makes, develops, perfects, devises or reduces to practice during the Term that relate to the Company's business, or result from any work the Executive performs for the Company (collectively, the **"Company Intellectual Property"**), are the Company's sole property and shall be deemed to be "work made for hire" (as defined in the Copyright Act, 17 U.S.C.A. § 101 et seq., as amended). The Executive will promptly inform, and disclose to, the Company all Company Intellectual Property that the Executive creates alone or in collaboration with others whether or not the Executive conceived of such during normal business hours. The Executive hereby irrevocably and unconditionally transfers and assigns to the Company, and its successors and assigns, any and all of his rights (including moral rights), title and interest in and to any and all of the Company Intellectual Property, and any copyright, trademark, patent applications or patents thereon. The Company retains legal ownership of the product of the Executive's work and no Company Intellectual Property created by the Executive while employed by the Company can be claimed, construed, or presented as the Executive's property, even after termination of the Executive's employment. The Company Intellectual Property shall be considered the Company's Confidential Information subject to the restrictions described above. On the Company's reasonable request, the Executive will execute any document that the Company deems necessary to evidence the Company's ownership of any of the Company Intellectual Property to apply for and obtain intellectual property registrations in the Canadian Intellectual Property Office, or any foreign equivalents, for any of the Company Intellectual Property.

7. **RESTRICTIVE COVENANTS**

7.1. **Definitions** – For the purposes of this **Section 7**:

a) "**Customer**" means any person or entity with whom the Executive had material contact and to whom the Executive provided products or services on behalf of the Company, or to whom the Company provided products or services and about whom the Executive received Confidential Information during the course of the Executive's employment with the Company; provided that, after the termination of the Executive's employment for any reason, "Customer" will only include those persons or entities who the Executive knew was a Customer at any time during the twelve (12) months preceding the termination of the Executive's employment;

b) "**Competitive Business**" means any company that earns revenues or anticipates earning revenues from sales or licensing related to products developed or created by way of combining molecules together with dehydration processing for the purposes of enhancing the pharmacokinetic performance of active pharmaceutical ingredients; and

c) "**Personnel**" means any person or entity with whom the Executive had material contact and who the Executive knew was employed or engaged as a contractor by the Company during the course of the Executive's employment with the Company.

7.2. **Non-Solicitation** – During the Term and for a period of six (6) months after the termination of the Executive's employment for any reason, the Executive will not, directly or indirectly:

a) contact or communicate with any Customer for the purpose of offering for sale any products or services relating to the Competitive Business;

b) solicit, divert or take away from the Company the business of any Customer;

c) solicit or encourage any Personnel to terminate their relationship with the Company; or

d) entice or solicit away from the Company any Personnel for the purpose of competing with the Company in a Competitive Business.

7.3. **Non-Disparagement** – The Executive agrees that he will refrain from making any knowingly false and derogatory, negative or inaccurate statements about the Company or the Company's employees.

7.4. **No Conflicting Duties or Obligations** – The Executive represents and warrants to the Company that he does not owe, and he will not during the Term undertake or agree to, any contractual or other duties or obligations to any other person or entity which may conflict or interfere with this Agreement or any of the Executive's duties and obligations under this Agreement, or which may prevent the Executive from entering into this Agreement or performing any of the Executive's duties and obligations under this Agreement, including any non-solicit or non-compete duties or obligations.

7.5. **Other Duties** – The restrictions contained in **Section 5** (Confidentiality), **Section 6** (Intellectual Property) and **Section 7** (Restrictive Covenants) of this Agreement are in addition to, and do not derogate from, any other duties and obligations (including fiduciary obligations) the Executive may have to the Company under any applicable laws.

7.6. **Reasonableness of Restrictions** –

a) The Executive acknowledges and confirms that the obligations and covenants set out in **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement are reasonable and necessary to protect the legitimate interests of the Company and that he has received reasonable and sufficient consideration for same. Without limiting the generality of the foregoing, the Executive hereby acknowledges and confirms that, given, among other things, the nature of the Company's operations and the duties to be performed by the Executive hereunder, the geographic scope, duration and nature of the restricted activities set out in the aforesaid Sections are reasonable and necessary to protect the legitimate interests of the Company; and

b) The Executive acknowledges and agrees that the obligations and covenants set out in **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement will not preclude him from earning a reasonable livelihood following the cessation of his employment with LBC.

8. **GENERAL**

8.1. **Enforcement** – The Executive acknowledges and agrees that the covenants and obligations under **Section 5** (Confidentiality), **Section 6** (Intellectual Property), and **Section 7** (Restrictive Covenants) of this Agreement are reasonable, necessary and fundamental to the protection of the Company's legitimate business interests, and any breach of those covenants and obligations would result in loss and damage to the Company for which the Company could not be adequately compensated by an award of monetary damages. In the event of any actual or threatened breach of any of those covenants and obligations by the Executive, the Company will, in addition to all remedies available to the Company at law or in equity, be entitled as a matter of right to judicial relief by way of a restraining order and/or preliminary, interim, interlocutory or permanent injunction.

8.2. **Severability –** If any provision or part thereof of this Agreement is determined to be unenforceable or invalid for any reason, that unenforceable or invalid provision or part thereof will not affect the enforceability or validity of the remaining provisions of this Agreement which will remain in full force and effect, and any unenforceable or invalid provisions or parts thereof will be severable from the remainder of this Agreement.

8.3. **Waiver** – No consent or waiver, express or implied, by either party to or of any breach or default by the other party in the performance by the other of any or all of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act of the other of them, or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder or of the right, then or subsequently, to declare a default.

8.4. **Governing Law** – This Agreement and all related matters will be governed by, and construed in accordance with, the laws of California and the US federal laws applicable therein (excluding any choice of law rules). Any dispute arising from, connected with, or relating to this Agreement or any related matters will be resolved by the courts and tribunals of California, as applicable, and the parties hereby irrevocably submit and attorn to the original and exclusive jurisdiction of those courts and tribunals, as applicable.

8.5. **Continuing Application** – The terms of this Agreement will continue to apply throughout the Executive's employment, regardless of:

a) the Executive's length of service; or

b) any changes that may occur to the Executive's position, duties and responsibilities, compensation or benefits, or other terms of employment; or

c) any changes to the Company as a result of a reorganization, plan of arrangement, reverse take-over, merger or acquisition.

8.6. **Statutory Deductions and Withholdings; Tax Reporting** – All compensation, benefits and payments required to be made pursuant to this Agreement, including, but not limited to, termination payments, are subject to applicable statutory deductions and withholdings as required by applicable government statutes and regulations. LBC shall furnish to the Executive following each calendar year a United States Internal Revenue Service Form W-2 and any other tax information reporting forms as required by applicable government statutes and regulations, reporting all applicable amounts of compensation, benefits and payments required to be made pursuant to this Agreement.

8.7. **Enurement** - This Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, personal representatives, permitted assigns, affiliates, subsidiaries, predecessors, liquidators, receivers, receiver managers, and trustees, as applicable.

8.8. **Assignment of Rights** - LBC may assign this Agreement to another person or entity. The Executive will not assign his rights under this Agreement, or delegate to others, any of the Executive's functions and duties under this Agreement without the express written consent of LBC, which consent may be withheld in LBC's sole discretion.

8.9. **Legal Advice** – The Executive acknowledges that it was recommended by LBC that the Executive obtain independent legal advice before executing this Agreement and represents that by executing this Agreement he has had the opportunity to do so. The Executive further acknowledges and agrees that he has read this Agreement, fully understands the terms of this Agreement, agrees that all such terms are reasonable, and agrees that the Executive is signing this Agreement freely, voluntarily and without duress.

8.10. **Entire Agreement** – This Agreement constitutes the entire agreement between the Executive and LBC regarding the Executive's employment with LBC and supersedes all prior oral or written understandings and agreements regarding the Executive's employment. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the Executive and LBC other than as expressly set forth in this Agreement. Except as otherwise provided in this Agreement, any amendment or modification of this Agreement or additional obligation assumed by either party in connection with this Agreement will only be binding if evidenced in writing signed by each party.

8.11. **Survival** – All sections of this Agreement that, by their drafting, are intended to survive the termination of the Executive's employment, and all other provisions of this Agreement necessary for the interpretation or enforcement of any of those sections, will survive indefinitely after the termination of the Executive's employment for any reason.

[signature page to follow]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day and year first above written.

LEXARIA BIOSCIENCE CORP.

Per:

/signed/

Authorized Signatory

/signed/

Michael Shankman

SCHEDULE "A"

Description of Duties

The Executive shall provide the following services to the Company, as determined by LBC:

(a) All duties of a chief financial officer with review and signing authority, controller, and/or treasurer of a publicly traded pharmaceutical / bioscience / biotechnology company including sourcing and/or negotiating financial proposals and corporate financings; managing accounts receivable and accounts payable; preparation and review of financial statements, notes and various annual, monthly, quarterly and other regulatory reports; preparation and review of monthly and other financial forecasts; communicating to the board of all financial-related documents as requested; management of accounting staff; in coordination with the CEO, communications with shareholders and preparation and review of budgets, and preparation and implementation of internal accounting policies and procedures; and any other duties that should be reasonably expected by the Board of Directors or chief executive officer;

(b) Collaborate with the president and/or chief executive officer to maintain and develop the financial reporting aspect only of the Company's corporate/investor outreach materials as needed including overall corporate messaging through direct creation and development of corporate presentations, powerpoints, websites, shareholder and community communications, business plans, fact sheets, etc.;

(c) Identify and evaluate opportunities for capital raising and/or strategic collaboration with suitable third-parties at appropriate points in time for the Company, including research, plan, propose, execute and close approved projects, acquisitions, mergers and partnerships, as well as locate and cultivate finance sources, all of which create value for the Company;

(d) Work as needed with auditors, lawyers, partners, shareholders and other stakeholders as required by the Company and assist with the strategic corporate and financial planning; management of all the overall business operations; communications with shareholders; negotiation and management of agreements; and any other duties that should be reasonably expected by and at the pleasure of the Board of Directors.

SCHEDULE "B"

Compensation and Benefits

1. Compensation

A. Base Salary

Starting on the Effective Date, LBC will pay to the Executive an annual salary of US$120,000 (the "**Base Salary**"), less the applicable statutory deductions and withholdings required by law. The Base Salary will be increased annually commencing on January 1, 2025, based on the following formula:

Base Salary x (1.25 x IR)

Where IR is the annual inflation rate determined by the US Federal Reserve Board for each calendar year.

LBC and the Executive agree that for internal accounting purposes, the Base Salary may be allocated from an account or accounts of the Company other than LBC, in amounts determined by the management of LBC, but that at no such time shall such allocations result in less than the aggregate Base Salary payable to the Executive. The Base Salary will be paid in accordance with LBC's payroll practices, which may be amended from time to time.

B. Option Issuance

Starting on the Effective Date, LBC shall issue the Executive stock options entitling the Executive to purchase up to 50,000 shares at an exercise price equal to $0.01 greater than the closing price of LBC's shares on the Nasdaq Capital Market on the day of grant. The Options shall be exercisable for five years and shall be subject to a vesting schedule ending on August 31, 2026, pursuant to the terms and conditions of the stock award agreement to be entered into between LBC and the Executive.

C. Out of Pocket Expenses

The Executive's out of pocket expenses incurred on behalf of the Company shall be paid by LBC (the "Disbursements"). The Disbursements must be pre-approved by either the CEO or the President and will be limited to the foregoing:

i. travelling and other costs actually and properly incurred by the Executive in connection with the Executive's duties hereunder, up to a maximum of US$1,500.00 per month with such additional costs being subject to pre-approval by the management of the Company prior to any reimbursement. Both parties recognize that, as the financial condition of the Company improves or deteriorates, this amount may be increased or decreased without making changes to this document and without such changes constituting a termination of this Agreement, provided the Company makes the Executive aware of the changed amount;

ii. up to $2,500 for the purchase of a dedicated computer for provision of the Executive's services to the Company;

iii. specialized training and/or educational costs as authorized by the Company for the enhancement of any Services, up to a maximum of US$3,500.00 per year;

iv. stationery and printing costs;

v. mileage allowance for personal vehicle use the current IRS reimbursement rate when the Executive is required to use own vehicle for business purposes.

D. Bonus

1. Milestone Bonus

The Executive shall be eligible to receive a bonus equal in value to up to 35% of the Base Salary in the first calendar year ending during the Term, 40% of the Base Salary in the second calendar year ending during the Term and 50% of the Base Salary in the third calendar year ending during the Term (in each case the "**Annual Bonus**") based upon completion of performance criteria milestones ("**PCM**'s) to be approved by the Compensation Committee of the Board of LBC and disclosed to the Executive on an annual basis. The Annual Bonus is not earned until the appropriate PCM is achieved, and then awarded and paid by LBC (or such other Company account as designated for internal accounting purposes) after completion of the applicable calendar year and assessment of performance, which will conclude within sixty (60) business days following the calendar year end, with the earned Annual Bonus paid within the two following pay cycles (and in no event later than March 15 immediately following the end of the applicable calendar year).

In order to be eligible to receive an Annual Bonus, the Executive must be Actively Employed on the date or dates that the PCM was accomplished pursuant to which the Annual Bonus becomes payable. **"Actively Employed"**, in reference to a certain date, means that the Executive is employed by LBC (including being on vacation or being on a statutory or other leave authorized by LBC) on the applicable date. Except to the minimum extent, if any, required by the ESA, "Actively Employed" does not include:

(a) Any period following the date the Executive ceases to be employed by LBC upon termination of employment for any reason (whether voluntary or involuntary, and whether with or without just cause, and regardless of whether the termination is lawful or unlawful);

(b) Any period in relation to which LBC provides written notice or payment in lieu of notice in respect of such termination of employment, in accordance with section 4.2 of this Agreement, or the common law, if applicable; or

(c) Any period in relation to which LBC fails to give notice that ought to have been given pursuant to this Agreement or pursuant to any applicable law, including the common law, in respect of such termination of employment, and in relation to which damages may be awarded, including for the failure to provide such notice.

For further clarity,

if the Executive is not Actively Employed on the established payment date for an Annual Bonus but was Actively Employed when the PCM was accomplished, the Executive will be deemed to have earned the Annual Bonus, and he will be eligible to receive the portion of the Annual Bonus attributable to that PCM.

2. Incentive Equity Plan

The Executive will be entitled to participate in the Lexaria Incentive Equity Plan or any successor thereto, with such stock award amounts and exercise price, as applicable, to be determined by the Compensation Committee or the Board of Directors of LBC.

3. Vacation

The Executive will receive vacation time and pay in accordance with the Company's policies and procedures as amended from time to time by the Company in its discretion. Currently, the Executive is entitled to four (4) weeks' (i.e. 20 business days) of paid vacation, with an annual increase to such vacation entitlement of one (1) week up to a maximum of five (5) weeks' of vacation annually.

Vacation must be taken in accordance with procedures of the Lexaria Employee Handbook. Carryover of unused vacation into the following calendar year is permitted, however thereafter any unused vacation days will expire and LBC is not obligated to compensate the Executive for any such expired vacation days.

Upon termination of employment for any reason, the Executive will receive only the minimum vacation pay required to be provided pursuant to the ESA. Vacation pay will not be provided in relation to any common law period of notice for which payment in lieu of notice is provided, if any, and will not form part of any damages for wrongful dismissal or otherwise, except to the minimum extent (if any) required by the ESA.

4. **Sick Leave**

The Executive shall be entitled to paid sick leave in the amount provided in LBC's Employee Handbook which the Executive shall be required to review and sign as a part of his employment. Currently the Executive Handbook provides for 10 paid sick days and it is agreed by LBC and the Executive that at no time shall such paid sick days be reduced during the term of the employment.

5. **Paid Holidays**

The Executive shall be entitled to paid holidays for those days which the United States of America has designated as statutory holidays.

8. **Medical and Dental Benefits**

The Executive shall be entitled to reimbursement of his medical and dental benefits up to a maximum of US$2,000 per month until the Executive's 65th birthday. Thereafter, the Executive shall be entitled to reimbursement equal to the monthly fee payable to Medicare, as managed by the US federal government.

INSIDER TRADING AND BLACKOUT PERIOD POLICY

Effective June 14, 2019

Updated March 15, 2024

LEXARIA BIOSCIENCE CORP.

INSIDER TRADING AND BLACKOUT PERIOD POLICY

1.0 PURPOSE

Lexaria Bioscience Corp. (the "Company") is a publicly traded company, domiciled in British Columbia and listed on United States exchanges/marketplaces. As such, trades in the Company's securities[1] are subject to both Canadian and US rules and regulations, as well as the rules and regulations of the applicable exchanges and/or marketplaces (collectively, "securities laws"). Securities laws generally prohibit trading or dealing in the securities of a company based on material non-public information. Anyone violating these laws is subject to personal liability and could face criminal and civil penalties, fines, or imprisonment as well as causing significant damage to the Company's reputation. The purpose of this Policy is to assist Company Personnel (as defined below) in complying with their obligations. ***This Policy does not replace your responsibility to understand and comply with the securities laws, including the legal prohibitions on insider trading and, if applicable, your obligation for insider reporting.*** Trading in securities of the Company, including without limitation the purchase and sale of common shares and the exercise of stock options, by Company Personnel, must also avoid the appearance of impropriety, as well as remain in full compliance with securities laws. Accordingly, you must exercise good judgment when engaging in securities transactions and when relaying to others information obtained as a result of your employment with or other relationship to the Company. If you have any doubt whether a situation requires refraining from effecting a transaction in the Company's securities or sharing information with others, such doubt should be resolved against taking such action.

2.0 COMPANY PERSONNEL

The following persons are required to observe and comply with this Policy:

(a) all directors, duly appointed officers and employees of the Company or its subsidiaries;

(b) any other person retained by or engaged by or on behalf of the Company or any of its subsidiaries (such as a consultant, independent contractor, adviser, or other service provider);

(c) any family member including a spouse, parent or age of majority child living in the household of any of the individuals referred to in Sections (a) and (b) above;

(d) partnerships, trusts, corporations, RRSP's and other accounts or entities over which any of the above-mentioned individuals exercise control or direction; and

(e) any other persons to which any of the individuals referred to in Sections (a), (b) and (c) above exercise control or direction.

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[1] Securities include common shares of the authorized share capital of the Company and any other security convertible into such shares which the Company may issue from time to time.

For the purposes of this Policy, the persons listed above are collectively referred to as "**Company Personnel**". Sections (c) and (d) should be carefully reviewed by Company Personnel; those sections have the effect of making various family members or holding companies or trusts of the persons referred to in Sections (a) and (b) subject to this Policy.

3.0 MATERIAL NON-PUBLIC INFORMATION

"Material undisclosed information" is information that:

(a) could reasonably be expected to have a significant effect on the market price or value of the Company's securities; or

(b) a reasonable investor would consider to be important in making an investment decision regarding the purchase or sale of the securities of the Company;

and that has not been previously disclosed or published by means of a broadly disseminated news release or securities filing with a reasonable amount of time having been given for investors to analyze the information.

Examples of material undisclosed information include but are not limited to: financial performance and significant changes in financial performance; significant changes to licensing or regulatory status; projections and strategic plans; major R&D and clinical milestones, major corporate acquisitions and dispositions; significant changes to major assets and operations; changes in ownership of the Company's securities that may affect the control of the Company; significant changes in senior management or to the Board of Directors; significant litigation; changes in corporate structure, such as reorganizations; changes in capital structure; significant new debt or material events of default; public or private sale of additional securities; entering into or loss of significant contracts; major labour disputes or disputes with major contractors, customers or suppliers; material regulatory or legal proceedings; takeover bids and issuer bids; and any decision to implement such a change by the Company's Disclosure Committee who believe that confirmation of the decision by the Company's Board of Directors is probable.

If you have any doubt whether certain information is "material", you should not trade or communicate such information. Information is "non-public" until it has been made available to investors generally, such as in publicly available reports filed with the applicable stock exchange or securities commission or in press releases issued by the Company. In general, information may be presumed to have been available to investors one business day after the formal release of such information.

4.0 PROHIBITED AND RESTRICTED ACTIVITIES

4.1 Insider Trading

You must not engage in transactions in any securities, whether of the Company or of any other companies, while in possession of material, non-public information regarding such company or securities, including engaging in transactions in any securities of companies with which the Company does business, or may do business, when you are in possession of material, non-public information regarding such company or securities ("insider trading").

Under this Policy, "trading" includes any sale or purchase of securities of the Company, including but not limited to: (a) buying or selling puts or calls or other derivative securities on the Company's securities; (b) the exercise of stock options granted under the Company's stock option plan; and (c) the acquisition of shares or any other securities pursuant to any Company benefit plan or arrangement. Notwithstanding (b) above, you may exercise stock options granted under the Company's stock option plan for cash, but the sale of any shares issued on the exercise of Company-granted stock options apply to the foregoing prohibition. Notwithstanding item (c) above, regular purchases (or sales) in accordance with a previously approved automated trading plan are exempt from the foregoing prohibition; however, starting, stopping, or making changes to your Pre-Approved Trading Plan (defined below), is prohibited during any period of time you are in possession of material, non-public information about the Company.

Pre-Approved Trading Plan – is any plan created by way of a written agreement between the Company Personnel and a brokerage firm at a time when the Company Personnel is not in possession of any material non-public information, under which the Company Personnel details the number of securities available for sale and the selling price or prices for such securities.

4.2 Tipping

You must not disclose material, non-public or other confidential information relating to the Company or other companies, when obtained in the course of service to the Company, to anyone, inside or outside of the Company (including family members) ("tipping"), except on a strict need to-know basis as is necessary in the course of the Company's business and under circumstances that make it reasonable to believe that the information will not be misused or improperly disclosed by the recipient. You must treat all information concerning the Company as confidential and proprietary to the Company. Any uncertainty concerning the disclosure of any such information to other persons in the course of the Company's business should be immediately brought to the attention of an executive officer or member of the Board for resolution. You must also refrain from recommending or suggesting that any person engage in transactions in securities, whether of the Company or any other company, while in possession of material, non-public information about those securities or that company. Both the person who provides the information and the person who receives the information may be liable under securities laws if the person who receives the information trades in securities based on the provided non-public information.

4.3 Trading During Blackouts

Other than pursuant to a Pre-Approved Trading Plan, you must not, directly or indirectly, trade in securities of the Company during any Blackout Period (as described below).

4.4 Hedging Transactions

You must not engage in hedging transactions. Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an employee to lock in much of the value of his or her shareholdings, often in exchange for all or part of the potential for upside appreciation in the shares. These transactions allow you to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, you may no longer have the same objectives as the Company's other shareholders. Therefore, you are prohibited by this Policy from engaging in any such hedging transactions.

4.5 Margin Accounts and Pledges

You must not hold securities of the Company in a margin account or pledge Company securities as collateral. Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material nonpublic information or otherwise is not permitted to trade in Company securities, you are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan.

5.0 BLACKOUT PERIODS

The Company reserves the right to restrict trading by directors, officers, employees and agents in securities of the Company, other than pursuant to a Pre-Approved Trading Plan. Such restriction is generally referred to as a "Blackout Period" and is in place when there is, or is potential for, a significant event pending or there is information available but not yet disclosed.

The "Blackout Period" is:

(a) for quarterly financial results, the period beginning two (2) weeks prior to the filing deadline of the financial statements and ending at the end of the first full trading day after the quarterly financial results are publicly disclosed. This Blackout Period applies to all directors, officers and accounting personnel directly involved in the preparation of the financial results;

(b) for annual financial results, the period beginning two (2) weeks prior to the filing deadline of the financial statements and ending at the end of the first full trading day after the annual financial results are publicly disclosed. This Blackout Period applies to all directors, officers, and accounting personnel directly involved in the preparation of the financial results;

(c) during the entire period that material undisclosed information is known or in the possession of a Company Personnel member;

(d) for news releases containing material information, other than financial results, a period of one (1) trading day immediately following the time of the announcement. This Blackout Period applies to all directors and officers and other employees as determined by senior management; or

(e) any other time and for any length of time as deemed necessary by the Company's executive management upon providing Company Personnel with notice of the Blackout Period.

Where Company Personnel wishes to trade during the periods referenced in (a) or (b), above outside of a Pre-Approved Trading Plan, he or she must seek the prior approval of the Board. If the Board is satisfied, in its sole discretion, that such trade would not constitute a trade while in possession of material non-public information (if, e.g., the financial information not yet disclosed is limited to previously disclosed ordinary course expenses), then the Board may grant an exemption in respect of such trade.

All efforts will be made to advise of Blackout Periods as soon as possible; however, it is your responsibility to ensure that you are not in violation of the prohibition against trading during a Blackout Period by pre-clearing transactions with a member of the Board in accordance with this Policy.

6.0 INSIDER REPORTING OBLIGATIONS

Canadian and US securities laws impose reporting requirements on certain insiders of the Company. If you are a reporting insider, you are personally responsible for compliance with reporting requirements under applicable securities laws.

7.0 COMPLIANCE

Your actions with respect to matters governed by this Policy are significant indications of your judgment, ethics, and competence. Any actions in violation of this Policy may be grounds for disciplinary action, up to and including immediate dismissal, as well as exposure to civil and criminal liability.

8.0 PENALTIES AND CIVIL LIABILITY

The applicable securities laws that impose insider trading and tipping prohibitions also impose substantial penalties and civil liability for any breach of those prohibitions, namely:

(a) Criminal fines of up to $5,000,000 and four times the profit made or loss avoided;

(b) Prison sentences for a term not exceeding 10 years for insider trading, and five years for tipping; and

(c) Civil liability for compensation to the seller or purchaser of the relevant securities for damages as a result of the trade.

If the Company is found to have committed an offence, the directors, officers and supervisory Corporation Personnel of the Company may be subject to the same or additional penalties including dismissal from Company employment.

9.0 ENFORCEMENT

All directors, officers, employees and consultants of the Company and its subsidiaries will be provided with a copy of this Policy and shall execute the certification set out on the following page regarding acknowledgement of and compliance with the procedures and restrictions set forth in this Policy. It is a condition of their appointment, employment or engagement that each of these persons at all times abide by the standards, requirements and procedures set out in this Policy unless a written authorization to proceed otherwise is received by the Company pursuant to section 5.0. Any person who violates this Policy may face disciplinary action up to and including termination of his or her employment or appointment with or engagement by the Company without notice. The violation of this Policy may also violate certain securities laws. If it appears that a director, officer, employee or consultant may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

Receipt of Insider Trading and Blackout Period Policy

I confirm that I have received a copy of the Lexaria Bioscience Corp. Insider Trading and Blackout Period Policy (the "Policy") and acknowledge that I have read and understand its contents. I agree to comply with the procedures and restrictions set forth in the Policy.

Printed Name:_____

Signature:_____

Position:_____

Date:_____

Please complete and sign above and deliver this page to Vanessa Carle, Head of Legal.

EXHIBIT 21.1

Subsidiaries

100% owned by Lexaria Bioscience Corp.

Poviva Corp.

Lexaria Nutraceutical Corp.

Lexaria Hemp Corp.

Lexaria Pharmaceutical Corp.

Lexaria (AU) Pty Ltd

Kelowna Management Services Corp.

Lexaria CanPharm Holding Corp.

100% owned by Lexaria CanPharm Holding Corp.

Lexaria CanPharm ULC

83.333% owned by Lexaria Bioscience Corp.

Lexaria Nicotine LLC

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Forms S-3 (File Nos. 333-238915, 333-250326, 333-271096, 333-25203 and 333-262402), Form S-8 (File No. 333-276584) and Form S-1 (File No. 333-277863) of our report dated November 26, 2024 with respect to th audited consolidated financial statements of Lexaria Bioscience Corp. (the "Company")appearing in this Annual Report on Form 10-K of the Company fo the year ended August 31, 2024.

/s/ MaloneBailey, LLP
www.malonebailey.com
Houston, Texas
November 26, 2024

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Christopher, certify that:

1. I have reviewed this Annual Report on Form 10-K of Lexaria Bioscience Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 26, 2024

/s/ Richard Christopher
Richard Christopher
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
18 U.S.C. ss 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Shankman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Lexaria Bioscience Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's first fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 26, 2024

/s/ Michael Shankman
Michael Shankman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Christopher, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Annual Report on Form 10-K of Lexaria Bioscience Corp. for the year ended August 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Lexaria Bioscience Corp.

Dated: November 26, 2024

/s/ Richard Christopher
Richard Christopher
Chief Executive Officer
(Principal Executive Officer)
Lexaria Bioscience Corp.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Lexaria Bioscience Corp. and will be retained by Lexaria Bioscience Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Shankman, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Annual Report on Form 10-K of Lexaria Bioscience Corp. for the year ended August 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Lexaria Bioscience Corp.

Dated: November 26, 2024

/s/ Michael Shankman
Michael Shankman
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)
Lexaria Bioscience Corp.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Lexaria Bioscience Corp. and will be retained by Lexaria Bioscience Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

LEXARIA BIOSCIENCE CORP.

CLAWBACK POLICY

I. Purpose

Lexaria Bioscience Corp. (the "**Company**") is establishing this clawback policy (the "**Policy**") in compliance with the Securities and Exchange Commission ("**SEC**") and US stock exchange's clawback rules and to align the interests of our current Executive Officers and those persons who were Executive Officers during any Look Back Period, with those of the Company.

For clarity, this Policy and the recoupment provisions outlined in Section V, shall not apply to any portion of the base salary, including any annual increases, paid to an Executive Officer.

This Policy has been approved by the Company's Board of Directors (the "**Board**") effective as of December 1, 2023. All capitalized terms will have the meaning prescribed to them within the Policy or within the Definitions section.

II. Administration

This Policy shall be administered by the Board, which shall have authority to (i) exercise all of the powers granted to it under the Policy, (ii) construe, interpret, and implement this Policy, (iii) make all determinations necessary or advisable in administering this Policy, and (iv) amend this Policy, including to comply with or reflect changes in applicable law.

III. Triggering Events

If the Company is required to prepare an accounting restatement either:

(i) correcting an error in previously issued Financial Statements that is material to the previously issued Financial Statements; or

(ii) correcting errors that are not material to previously prepared Financial Statements but would result in a material misstatement if (a) the errors were left uncorrected in the current period; or (b) the error correction was recognized in the current period,

without regard to any fault or misconduct of an Executive Officer, this Policy will be applied to any Incentive Compensation that was issued to any person who was an Executive Officer during the Look Back Period which relied on the achievement, in whole or in part, of a Financial Reporting Measure.

IV. Non-Triggering Events

The following changes to the Company's Financial Statements do not constitute a Triggering Event:

(i) Retrospective application of a change in reporting entity, such as from a reorganization of entities under common control;

(ii) Retrospective adjustment to provisional amounts in connection with a prior business combination; and

(iii) Retrospective revision for stock splits, reverse stock splits, stock dividends or other changes in capital structure.

V. Recoupment

Pursuant to this Policy, the Company has the right and obligation to seek a recoupment of any excess Incentive Compensation, regardless of the amount, issued to and received by an Executive Officer during the Look Back Period, that was contingent on the successful achievement, in whole or in part, of a Financial Reporting Measure which was inaccurately reported resulting in the requirement to file a Financial Statement restatement.

Specifically excluded from this recoupment requirement is any compensation that was issued to an Executive Officer pursuant to the achievement of vesting schedules, subjective standards, strategic measures, operational measures or at the sole determination of the Board. Also excluded is any compensation that was contributed to a tax-qualified retirement plan or to an Executive Officer who, at the time such compensation was received, was not an Executive Officer.

Recoupment of Incentive Compensation, as applicable, will be calculated by taking the difference between the Incentive Compensation paid to the Executive Officer and what would have been paid to the Executive Officer based on the restated Financial Statements and will be further calculated on a pre-tax basis.

With respect to Incentive Compensation that was issued to an Executive Officer and based on a Financial Reporting Measure dependent on either stock price or total shareholder return, the audit and finance committee of the Company, with the guidance of the Company's auditor, will determine the impact, if any, that the Financial Statement restatement is deemed to have had on such Financial Reporting Measures to determine what excess Incentive Compensation may have been issued to the Executive Officer.

The Company acknowledges that recoupment of Incentive Compensation on a pre-tax basis may be excessively punitive to an Executive Officer and accordingly, in order to alleviate any financial hardship that might result from this requirement, the Company agrees to accommodate any request from an Executive Officer to defer a portion of the issuable Executive Compensation for the duration of the Look Back Period in order to defer taxation of same.

VI. Methods of Recoupment

The Company is required to seek full recoupment of any excess Incentive Compensation issued to an Executive Officer that was based on an erroneously reported Financial Reporting Measure. The Company may use its discretion, as determined by the Board, on the methods and time period established for such recoupment. Methods for recoupment of excess Incentive Compensation may include the following: forfeiture of equity awards, cancellation of unvested equity awards and nonequity awards, deductions from future pay, repayment over time, full one-time repayment, and offsetting against amounts otherwise payable by the Company to the Executive Officer.

Additionally, the Company may choose to utilize any and all legal means available to it for the purposes of seeking recoupment for any excess Incentive Compensation issued.

VII. Exceptions

The following situations represent the only allowable exceptions from the legal requirement by the Company to recover Incentive Compensation pursuant to this Policy:

(i) The Company has reasonably determined that the expense paid to a third party to recover the excess Incentive Compensation would exceed the amount of the excess Incentive Compensation to be recovered, thus making the recovery impracticable; or

(ii) The recovery of the excess Incentive Compensation would draw from deferred compensation under a tax-qualified retirement plan.

VIII. Disclosure

This Policy will be attached as an exhibit to the Company's Form 10-K Annual Report for its fiscal period ending August 31, 2024.

Should the Company be required to file a Financial Statement restatement, whereby it is determined that excess Incentive Compensation was issued to an Executive Officer, the Company will disclose, in the earlier of its next proxy statement or annual report, the following:

(i) Date when the Company recognized the requirement to file a Financial Statement restatement;

(ii) The aggregate dollar amount of erroneously awarded Incentive Compensation attributable to that Financial Statement restatement, including an analysis of how the amount was calculated, or if such analysis has not been completed, disclose the reasons for same;

(iii) Any estimates used to determine the excess Incentive Compensation received for a Financial Reporting Measure based on stock price or total shareholder return;

(iv) The aggregate dollar amount of erroneously awarded Incentive Compensation that remains outstanding at the end of the last completed fiscal year or if such calculation has not been completed, disclose the reasons for same;

(v) If recoupment is not pursued pursuant to one of the exceptions, the aggregate amount of Incentive Compensation not being recouped and the reasons why the Board determined that such recoupment was impracticable;

(vi) Any amount of excess Incentive Compensation established as owing to the Company that has been outstanding for 180 days or more; and

(vii) Any updates required to the summary compensation table to reflect recouped amounts of excess Incentive Compensation.

IX. Definitions

a. *Exchange Act* means the Securities Exchange Act of 1934, as amended;

b. *Executive Officers* mean the Company's president, principal financial officer, principal accounting officer (or controller in lieu thereof), vice president of a principal business unit and any other officer with a policy making function, as all identified in Rule 16a-1 under the Exchange Act, who are holding such position at the time the Company is required to prepare a restatement of a Financial Statement, or were holding such position during the Look Back Period;

c. *Financial Reporting Measure* includes, but is not limited to: revenues, net or operating income; profitability of one or more reportable segments; financial ratios; net assets or net asset value per share; EBITDA; funds from operations and adjusted funds from operations; liquidity measures; stock price; total shareholder return measures; earnings measures; revenue per licensee; and cost per employee; as determined and presented in accordance with the accounting principles used in preparing Financial Statements;

d. *Financial Statements* mean any statement of financial position, statement of comprehensive income, statement of cash flows, statement of stockholders' equity, related schedules, and accompanying footnotes as required by SEC regulations;

e. *Incentive Compensation* means cash, which can include bonuses, cash awards and proceeds from the sale of shares that were granted or vested based on a Financial Reporting Measure and equity, which can include stock options, restricted stock units, restricted stock and stock appreciation rights, that is granted, earned or vested based on a Financial Reporting Measure;

f. *Look Back Period* means the three completed fiscal years preceding the date the Company was required to prepare a restatement of a Financial Statement;

g. "*received*" means the date that the Financial Reporting Measure was achieved, on which the issuance of the Incentive Compensation was dependent.

X. Acknowledgement

Each person who is an Executive Officer of the Company and each future Executive Officer of the Company shall be provided with a copy of this Policy and will be required to acknowledge receipt of this Policy by completing and delivering to the Company the attached confirmation of receipt.

Receipt of Clawback Policy

I confirm that I am an Executive Officer of Lexaria Bioscience Corp. (the "**Company**"), that I have received a copy of the Company's Clawback Policy (the "**Policy**") and I acknowledge that I have read and understand its contents. Specifically, I acknowledge and understand that the Company is obligated to seek recoupment of any excess Incentive Compensation issued to me as a result of an incorrectly calculated Financial Reporting Measure regardless of whether or not such error was a result of my error or misconduct. I further agree to be contractually bound to returning any excess Incentive Compensation issued to me due to an incorrectly calculated Financial Reporting Measure, in the amount determined by the Board with the assistance of any outside advisors, as applicable, and in the manner determined by the Board pursuant to Section VI of the Policy.

Printed Name:_____

Signature:_____

Position:_____

Date:_____

Please complete and sign above and deliver this page to Vanessa Carle, Head of Legal.